

EUROPEAN NEWS

Bonn soothes fears on French defence link

THE Franco-German Defence Council due to be constituted in Paris today could provide a means for France to move back towards Nato's integrated command structure which it left in 1966, according to Bonn government officials.

neutral drift in the Federal Republic. Such concerns are roundly rejected by ministers and officials here. Referring to the recurrent French fear that West Germany might one day swap its place in the Western Alliance for re-unification with East Germany, Chancellor Helmut Kohl said in an interview with Le Monde this week: "The Federal Republic is not for sale."

A senior Defence Ministry official said yesterday that the link was "neither an axis nor a directorate". It was also not exclusive, as other Nato countries such as the Benelux states - were welcome to join. He also denied the move would undermine the US role in Nato's European structure.

Officials and minister talk about future expansion of the brigade to division level. Bonn's manpower pressure in the West German army, significant enlargement in the future could eventually cause a conflict of interests with other Nato partners.

Bonn-Paris defence link opposed

THE Netherlands opposes the creation of a Franco-German Defence Council because it would duplicate existing western defence mechanisms. Dr van Eekelen, the Dutch Defence Minister said in an address to the Royal Institute of International Affairs in London yesterday.

OBITUARY Innovative devotee of winemaking

BARON Philippe de Rothschild, who died on Wednesday, was a leading figure in the famous Anglo-French banking family who devoted his life to developing the Mouton Rothschild vineyard in the Medoc part of Bordeaux.



Baron Philippe: tireless work to improve his vineyard

were vast. He wrote poetry, produced plays and made France's first talking movie, "Le Lac aux Dames" in 1933.

When he took over, it was classed as a "second growth" in the right hierarchy of Bordeaux wines dating from 1855.

Dutch trim discount rate to 3.25%

THE Dutch discount rate was trimmed by 0.25 of a percentage point to 3.25 per cent yesterday, the fifth such cut in three months.

The Netherlands' central bank said it lowered all its official rates by 0.25 of a percentage point in an effort to ease the guilder's persistent strength against the Deutsche mark.

The guilder's continuing strength against the D-mark has provided room for Dutch rates, especially capital market ones, to fall to the same or lower levels than Germany's. In recent months the guilder has benefited from strong demand as a result of German plans to impose a withholding tax on interest income, the Dutch's weakness in terms of public investment and its business investment pick up more than expected.

French politicians divided over poor trade performance

FRANCE'S growing trade deficit, especially the deepening deficit in industrial goods, has sparked a debate between the government and the socialist opposition, and threatens to raise differences within the right itself.

Last year's deficit of FF 31.4bn, compared with FF 20bn the year before, was broadly expected, as the boom of export all industries gave way to lower purchasing power among France's traditional customers in the Middle East.

The question of whether French companies are investing enough has become a fetish for French economic commentators, but at the Finance Ministry officials wonder if the obsession is not misplaced.

Austrian bank chairman quits

MR HANNES Androsch, chairman of Creditanstalt-Bankverein, Austria's largest bank, has resigned following a court decision which found him guilty of perjury on Wednesday.

Mr Androsch was fined Sch.1.06m (\$923,866) for lying to a parliamentary committee in 1981 which had been set up to investigate allegations of corruption and other financial irregularities.

Mr Androsch, 49, a former finance minister in the socialist government from 1971 to 1980 and often tipped as a future chancellor of Austria, offered his resignation to Mr Fritz Bock, President of Creditanstalt's supervisory board late last night.

Chernobyl 'did not raise radiation risk'

THE CHERNOBYL nuclear power plant disaster has caused no noticeable increase in radiation risks in Western countries, according to the nuclear energy agency of the Paris-based Organisation for Economic Co-operation and Development (OECD).

Jaruzelski seeks party backing on price rises

GENERAL Wojciech Jaruzelski, the Polish leader, has appealed to party members in parliament to support the government on price rises as next month.

Call to UN on arms cuts

SIX nations which have been campaigning jointly for nuclear disarmament called yesterday for a new multi-lateral verification system under the UN to monitor arms reduction.

Call to free Hungary's Greens

HUNGARIAN legal experts and officials are calling for the legalisation of the country's growing green movement - one of the biggest in Eastern Europe along with those in Poland and East Germany.

action against it. The Circle opposed the construction of a joint Hungarian-Czechoslovak dam on the Danube which it said was a threat to Hungary's main source of drinking water.

had an "independent political programme" nor their own ideology. Thus there was no reason to fear that the groups were the "seed" of a Hungarian Greens Party, he suggested.

Gloomy West struggles to make the CSCE baskets balance

THE 35 PARTICIPATING countries at the Vienna follow-up meeting of the Conference on Security and Co-operation in Europe (CSCE) return from the Christmas recess today torn between optimism on arms talks and deep pessimism on humanitarian issues.

Judy Dempsey assesses progress, and lack of it, as the security conference resumes

balanced outcome to all three baskets. Basket One consists of confidence and security building measures. Basket Two focuses on closer economic links between East and West, while Basket Three encompasses humanitarian issues.

Ex-envoy critic of Romania vanishes

Western diplomats in Bucharest said yesterday they had not seen or heard from Mr Silvio Brucol, an ex-Romanian ambassador to the US who criticised the Communist leadership, since before Christmas. AP reports from Vienna.

THE main reason why we are so divided and so slow in making progress is that the Soviet Union and its allies have got what they wanted, a Western delegate commented. They think they have a new conventional arms reduction forum sewn up while we have got practically nothing in the humanitarian field. What we want from this conference is a substantial concessions on humanitarian issues. We will not sign any concluding document until we get a balanced outcome in all the three baskets. The question, however, is the degree of flexibility the West can expect on the Warsaw Pact in the humanitarian field at a time when optimism on arms control talks as well as reducing confidence in Europe have been caught the public imagination. Any leverage the West may have involves, ironically, a proposal which the Soviet Union tabled in Vienna several months ago suggesting that Moscow should host a conference on humanitarian issues. Western delegates at the CSCE were initially stumped by the proposal. But since the Soviet Union seemed serious, the West has since insisted that certain conditions be met before such a meeting is agreed. Many Western delegates, for instance, insist that all Non-Governmental Organizations (NGOs) be allowed into Moscow or Leningrad. Free Europe is admitted, that being the case, that disbanding be permitted and so on. So far, Soviet diplomats in Vienna have given no concrete details about the scope of the proposed conference. "If they could pull it off, it would be great for their public image," an East European diplomat commented. Privately, several Western diplomats wonder if Moscow is prepared to pay a price in Vienna for holding such a conference in Moscow. Equally, the Soviet Union recognises that for the moment, the West is united on seeking concessions on humanitarian issues and will not lead the conventional stability talks on a silver platter. These complex issues suggest that when the CSCE delegates convene today, having already twice missed their deadline, progress towards reaching agreement on a final document will be tough, if not slow.

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Amal lift siege of Palestinian refugee camps

BY NORA BOUSTANY IN BEIRUT

PALESTINIANS rushed out to seek longer, more humane and friends, others thronged to the edges of their camps looking warily out at a world which must by now seem terribly unfamiliar.

The three-year siege of Palestinian refugee camps in Beirut is over, and the guerrillas inside will have to adjust to a disorienting peace.

Stone-throwing youngsters in the Israeli-occupied West Bank and Gaza and a spreading popular revolt against Israeli authorities have shamed the Syrian-backed Shi'ite Amal militia and its local supporters this week into lifting for good their blockade around the camps.

Steel-helmeted Syrian soldiers were deployed around the shanty towns of Bourj Barajneh and Chatila yesterday after Amal fighters and their co-religionist soldiers of the Lebanese Army Sixth Brigade finally abandoned battle positions that had pinned residents and guerrillas inside the remains of their squalid dwellings since the spring of 1985.

Though the intensity of Shi'ite-Palestinian battles has subsided in the last year, condi-

tions of the siege had driven young men to such depression and desperate games of Russian Roulette, according to camp doctors and foreign medical assistants.

Since 1985, battles have raged on the roof-top, destroying most of the fallen rows of breeze-block houses and makeshift shacks. Camp residents starved and huddled in damp underground hideouts.

Some 3,000 Palestinians and Lebanese died in the conflict. In spring of last year, the siege was partially lifted, allowing fresh food to come in. Women were allowed outside to get provisions, while the men were blocked inside.

Hassan Abn Taka, 44, a worker at Haifa Hospital in the sprawling camp of Bourj Barajneh, said he ventured out for the first time in two years yesterday, to see an old friend and visit his 60-year-old brother.

Ahmed Aishi, 22, said he could hardly sleep on hearing the roads were open. "All the shebab (young men) streamed out of the camp this morning towards the main roads in the southern suburbs. When I came back, I was dancing with joy."

Chinese release Tibetan protesters

By Robert Thomson in Peking

CHINESE police yesterday released 59 people detained after pro-independence protests late last year in the Tibetan capital, Lhasa, in a conciliatory move coinciding with a rare visit by the Peking-approved Dalai Lama, the second-ranking Tibetan religious leader.

The prisoners had been detained without charge since the protests in late September and early October, and a statement released from Lhasa yesterday implied that another 10 Tibetans still in custody have also not been charged.

Xinhua, the official Chinese news agency, reported that those released yesterday "had shown repentance and some have expressed others over the past three months". The report maintained the official line of blaming the protests on "splittists inspired by the Dalai Lama clique".

According to Xinhua, three released Tibetans spoke at a meeting of monks from the Drepung, Sera and Jokhang monasteries yesterday and one declared he had committed the unforgivable crime of trying to disrupt China's unification in the riot, which brought heavy property losses to the state and people.

Andrew Whitley reports on a moody conflict uniting Palestinians of all backgrounds

Israel enters uncharted fighting territories

NEARLY SEVEN weeks into the most serious disturbances Israel has faced in the territories it captured in 1967, the security forces have run the gamut of the finely honed carrot-and-stick techniques used in the past to maintain control over the subject Arab population, all to little avail this time round.

The headline-catching death toll has passed in recent days, at just below 40, as the troops on the ground respond to rioters not to resort to live ammunition, except as a last resort. But the unrest - more accurately describable by now as a grass roots protest movement, albeit one of uncertain goals - has by no means ended. It has simply taken on a different form.

As the outline shape of this second phase emerges, both sides admit privately that they are moving into unknown territory. Where the confrontation is heading, and what will be left of the past once the dust has settled again, no one knows. All that can be said with confidence is that things will not be the same again.

For the moment the "shebab", the stone-throwing teenage neighbourhood gangs, have moved into the background, letting their more prosperous, older neighbours - the shopkeepers and small businessmen who form the backbone of Palestinian society - step blinking into the limelight and bear the brunt of the fighting.

Remarkably disciplined commercial strikes throughout the

Israeli leaders yesterday delivered stern warnings to the country's minority Arab population against becoming involved in the continuing disturbances in the occupied territories, Andrew Whitley reports.

Representatives of the 650,000 Arabs living within the pre-1967 "green line" borders, plan to hold a mass demonstration in Nazareth, as an Arab majority town, tomorrow. They have also threatened to hold a second one-day strike, similar to a successful stoppage last month.

On Wednesday night, a Mniotov truck was thrown at an Israeli bus filled with schoolchildren travelling along the Wadi Ara road in North Israel. Stones were thrown at other buses.

among Palestinians of all backgrounds in the occupied territories. Middle class factory owners openly sympathise with the tactics of the refugee camp children. Bank managers who have worked within the Israeli system all their professional lives say the violent suppression of the disturbances cannot continue.

Apart from the commercial strikes, the best expression of this across-the-board solidarity has been the emergence of a wide range of mutual support bodies - from neighbourhood watchdog committees in the camps to philanthropic groups lending money and providing food to those facing hardship because of the work stoppage.

In Nablus and Ramallah, in the West Bank, metalworkers' associations are lending their services free to those whose homes and shops have been broken into by soldiers. Meanwhile, Druze from the Israeli-annexed Golan - a minority Arab sect trusted to serve in the Israeli army and police - have travelled to Nablus to donate blood to the victims of the unrest.

In what extent this wish proves to be a self-delusion on the part of the Israeli authorities remains to be seen. Their first task will be to locate these leaders.

In the absence of any clearly thought out strategy from the politically immobile coalition government, the onus has, by default, been left by the Cabinet to the hardline Defence Minister, to face down the protests and restore law and order before undertaking any fresh initiative.

However, while government officials daily express optimism that the shopkeepers' resistance will soon crumble, as financial necessity bites, Palestinians say this judgment is a serious misreading of the determined mood of the population, to keep going until Israel is forced to make concessions.

For the first time since 1967, a common front has emerged

Ministers meet on joint Gulf defence force

BY RICHARD JOHNS

WITHDRAWAL of up to four of the eight minesweepers deployed in the Gulf by Britain, the Netherlands and Belgium, and formation of a joint force are the likely outcome of talks which the defence ministers of the three countries began in London yesterday.

The three navies, which have co-ordinated their mine-hunting operations since last autumn when the vessels arrived, are confident that the waterway has now effectively been cleared of mines.

None has been found since November and the zone off Fujairah in the Arabian Sea, an important transshipment area for Arab exporters, has been declared safe by the Royal

Navy.

The British Ministry of Defence yesterday refused to confirm that a reduction in the RN flotilla of four minesweepers was being considered.

The expectation is, however, that there will be a rundown. One of the two Belgian minesweepers originally dispatched is on its way home and a replacement is being sent to relieve the second, a defence spokesman in Brussels said.

In London, Foreign Office officials confirmed that the talks should lead to a more integrated force which would entail a reduction in the total number of minesweepers deployed.

Sri Lankan opposition wins poll concessions

BY MERVYN DE SILVA

OPPOSITION demands on elections in Sri Lanka secured two important victories yesterday. The Government finally announced a date for a parliamentary by-election and it responded to opposition protests by amending the new provincial council election law so that a party will need to gain only 2.5 per cent of the vote rather than 12.5 per cent to qualify for seats.

The Homagama by-election will be held on February 18. The seat has been vacant since Mr Gamini Jayasuriya, the agriculture minister, resigned in protest against the parliamentary bills to implement the peace accord signed by India and Sri Lanka in July.

Homagama, a predominantly Sinhalese-Buddhist electorate 10 miles from Colombo, will be the first test of public opinion on an agreement that has roused the anger of the Buddhist clergy and encouraged Sinhalese extremist violence in the south.

The ruling UNP party has decided to field a wealthy businessman from one of the island's best-known Buddhist families. It is a cousin of Mr Jayasuriya.

Mrs Sirimavo Bandaranaike's opposition party, the SLFP, will join with two other minor opposition parties to nominate a former speaker of parliament.

The decision to reduce the minimum vote requirement for seats in the provincial elections under a new proportional representation system is a concession by President Junius Jayewardene to a united left front, the third force in the island's politics, which strongly supports the peace accord. The Indo-Sri Lanka accord to end the island's ethnic conflict stipulated that polls would be held in the war-ravaged Tamil north and east before the end of December. The north and east will be administered by a single provincial council for a trial one-year period after which a referendum will be held in the mixed (Tamil, Moslem and Sinhalese) east to allow the voters to decide if this arrangement should be continued.

While the slow return to normality in the north, the Tamil heartland and the separatist stronghold may allow the government to hold the elections, the situation in the east, where the Tamil Tigers are still an active guerrilla force, is far from stable.

Another division of Indian troops arrived in the island recently to bring the strength of the peace-keeping force to 48,000. Mr Jayewardene leaves for New Delhi on Monday to be chief guest at India Day celebrations on Tuesday.

Korea could face war, North warns Seoul

NORTH KOREA warned yesterday that unless the north and the south resolved their problems, the divided Korean peninsula could face a possible war, Reuters reports from Seoul.

Rodong Simnun, organ of Pyongyang's ruling Workers (Communist) Party, quoted by the official North Korean Central News Agency monitored in Seoul, said:

"If the north and the south fail to solve pending issues, including discontinuation of large-scale air exercises, our nation will hardly become reconciled and united, reunification will be farther off and the nation will have no choice but to make a war."

In another development, the US announced it had put North Korea on its blacklist of terrorist nations and has called for international protests over the country's alleged role in the destruction of a South Korean airliner by a bomb.

"We'll do whatever we can to make sure there's some price to be paid" for the destruction of Korean Air Lines Flight 858 with its 115 passengers, Mr Charles Redman, State Department spokesman, said.

The terrorist listing - plus tighter visa controls and a ban on diplomatic contacts with the North - followed consultations with South Korea "regarding ways in which we register our common outrage at this act of mass murder," he said.

South Korea had threatened "all forms of possible retaliation" against the North over the incident.

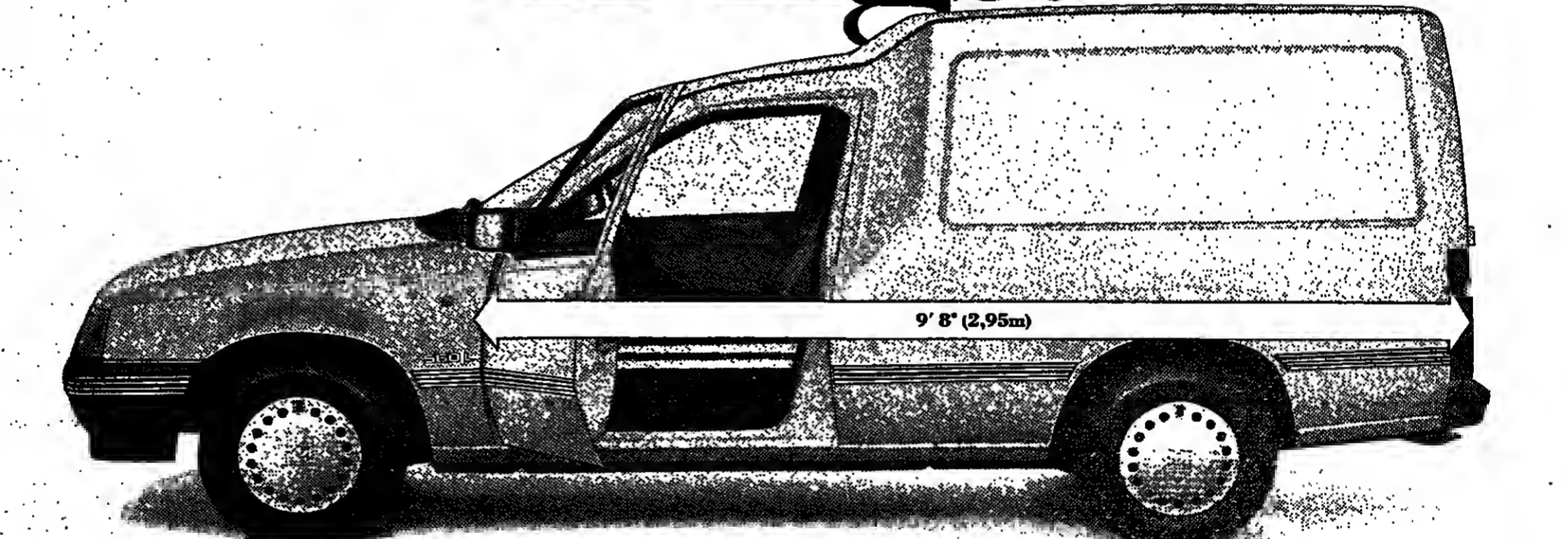
But US officials said they do not expect any military action, which could greatly increase tensions on the peninsula and jeopardise the summer Olympic Games set for Seoul.

Washington said previously it agreed with South Korea that North Korea was responsible for the bombing on November 29.

But Mr Redman said the evidence was even more compelling after US officials reviewed a confession by a self-proclaimed North Korean agent, Kim Hyon-hui, who said he helped plant a bomb aboard the plane on the direct orders of Kim Jong Il, son and heir apparent of North Korean leader Kim Il Sung.

North Korea has denied the charges and made no comment on the US announcement.

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UK NEWS

Extra health funds to be tied to nurses' pay rise

BY PETER RIDDELL, POLITICAL EDITOR

ADDITIONAL Government money will be provided for the National Health Service in the coming year, but only after the March budget, and it will be tied specifically to the restructuring of nurses pay.

This is regarded by ministers as consistent with the Treasury's refusal - endorsed yesterday by the Prime Minister, Mrs Margaret Thatcher - to reconsider its public spending decisions and to add extra spending in the March 15 Budget.

The cash increase will come in the Government's response to the proposals of the independent pay review body on nurses pay which is currently considering far-reaching changes to reward skilled staff who are in short supply. Its report is expected in April.

The Treasury is at present declining to say how much of the extra cost above existing allocations will be separately funded by new money. Depending on the extent of the restructuring, this could easily amount to more than an extra \$450m to \$500m when other medical pay awards are included.

However, senior ministers involved agree that in the current political climate, most of the extra cost will have to be paid for by the Treasury from the contingency reserve.

Such an additional provision is seen by ministers as politically attractive since it cannot be described as an indiscriminate financial hand-out in response to outside and opposition pressure, but can instead be portrayed as a way to deal with the shortage of skilled nurses.

Senior ministers and parliamentary managers last night claimed that most Conservative party backbenchers agreed that to provide more money without conditions would not be an answer; the emphasis would have to be on improving efficiency, generating more revenue and increasing the private sector contribution.

Nevertheless, many Tory MPs argue that a short-term increase in money is necessary to give a breathing-space while any longer-term changes take effect.

The Treasury is reluctant to provide more money for the NHS in the budget partly because it does not believe the case for an increase has yet been made, in view of differences in performance between hospitals; but it is also concerned that demands from other departments may be triggered.

This is, however, unlikely to end the debate on budget priorities. Labour is already developing a campaign on the theme of "make Budget day, national health day."

Trident costs trimmed by £222m

BY PETER RIDDELL, POLITICAL EDITOR

THE ESTIMATED cost of the Trident nuclear missile programme has fallen again over the past year by £222m as a result both of savings in real terms and the impact of the rise in sterling against the dollar.

Revised estimates were announced yesterday by the Ministry of Defence, which also confirmed that Britain would join the project definition stage of the proposed joint Nato frigate for the 1990s, the NFR 90.

However, the go-ahead is dependent on progress at the appraisal stage, and follows a compromise between the Ministry of Defence and the Treasury at a Cabinet committee

this week.

The latest estimate of the cost of the Trident submarine and missile programme is £9.04bn at current prices, compared with £9.26bn a year ago. This drop, which follows a fall in 1986, reflects a mixture of contrasting influences. In real terms, at constant prices and exchange rates, there has been a reduction of \$376m, but price inflation over the year has added \$412m.

However, the rise in the pound against the dollar has reduced the sterling cost of the 36 per cent US content by £258m, producing the overall net saving of £222m.

The estimates were prepared towards the end of last year on the basis of a \$1.62 exchange rate. However, since every cent rise in sterling saves about £20m, and the pound has appreciated this year, the current cost might be £300m lower.

Mr George Younger, the Defence Secretary, announced that on a longer-term basis the real cost of the Trident project was now £1.04bn lower than the original 1985 estimate. This is in addition to savings resulting from the decision to have UK missiles maintained in the US in Georgia rather than in Scotland.

Mr Younger confirmed that the project was on track to enter service as planned in the mid-1990s.

The announcement on British participation in the project definition stage of the Nato frigate, which will replace the Royal Navy's Type 42 destroyers, follows a lengthy Whitehall tussle.

Six other countries, including the US and West Germany, signed a memorandum of understanding last October, but the UK had been reluctant to sign because the programmes for the ship and for the main weapon systems have been out of synchronisation.

Hurd hints at limit to secrets categories

By Tom Lynch

REFORM OF Britain's secrecy laws could involve limiting the number of categories of Government information to be kept secret, Mr Douglas Hurd, the Home Secretary, indicated in the House of Commons yesterday.

Mr Hurd was challenged at question time in the Commons about the revolt by his own private members' bill to abolish Section 2 of the 1911 Official Secrets Act - which makes unauthorised disclosure of any official information a criminal offence.

Mr Hurd said he wanted to see "a decent, restricted system for the provision of official information rather than the present system, which has been open to misuse and misrepresentation, and that is what we intend to get."

Mr Simon Hughes (Liberal), urged him to listen to all the views in the country, rather than the "increasingly dominant" view in his own party that the Government's defence of its own actions was more important than the national interest.

He said this view was indicated by the fact that only two of the 19 Tories who defied a Government order last Friday to support the bill were from among the 53 Conservatives first elected in June last year.

Mr Roy Hattersley, Labour's home affairs spokesman, said allegations by Mr Anthony Cavendish in his privately-published book that elements in the security services had sought to discredit MPs from both sides of the House should have been investigated.

However, Mr John Stokes (Conservative) said: "All these matters of secrecy are mainly of interest to the media and those concerned with the media."

He added that the mass of patriotic people wanted state secrets kept state secrets.

Mr Hurd agreed that the flavour of discussion in his constituency last weekend had been different from that in the House of Commons last Friday.

He said there had been at least 15 years of public debate on the issue and there would be a full opportunity for interested parties to comment before the June White Paper (policy document) or between its publication and the framing of legislation.

UK-overseas investment gap widening, CBI tells Lawson

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

THE CONFEDERATION of British Industry yesterday gave a warning of a widening investment gap between Britain and its overseas competitors and called for a substantial reduction in the rising tax burden on industry.

In its representations to Mr Nigel Lawson, the Chancellor of the Exchequer, ahead of his budget on March 15, the CBI said that he should eschew large-scale cuts in personal tax in favour of moves to encourage new investment in industrial plant, in research and in training.

Any reductions in income tax should be concentrated on reducing the top marginal rates and in easing the poverty trap at the lower end of the income scale rather than on giving a generalised boost to consumption.

Introducing the representations yesterday, Mr John Banham, the CBI's director general, emphasised the organisation's concern that a massive income tax giveaway could widen Britain's trade gap and put upward pressure on interest rates.

Among the options open to Mr Lawson to improve the out-

Budget demands from employers

- Close investment gap between UK and competitors
- Reduce tax burdens on industry
- Eliminate wasteful public spending
- Increase public spending capital projects
- Encourage more small business enterprise

look would be a cut in corporation tax, some restructuring of capital allowances, particularly for small firms, action to hold down business rates and increased flexibility in the business expansion scheme. At the same time the Government's plans for large increases in electricity prices should be dropped.

The employers' organisation also re-emphasises industry's concern that the Government maintain sterling's value at a competitive level against other major currencies and take every opportunity to cut interest rates.

It also highlights the dramatic increase in industry's tax payments over the last few years. Mr Banham said that since 1983, the Treasury's receipts from income tax had risen by £2bn, while the tax bill

on industry had gone up by £8bn.

Part of that increase reflected the improved profitability of industry, but British companies were nonetheless paying more tax on smaller profits than their West German counterparts, Mr Banham said.

The CBI devotes considerable space in its representations to the investment gap between Britain and West Germany, which it says has widened by \$25bn since 1980. In 1986 West German manufacturing industry invested £700 per employee more in fixed capital than did British manufacturing. British industry was similarly weak in its spending on research and development and on training.

Those gaps would not be closed while industry saw a growing share of its profits taken in tax.

Liberals merger war hots up

By Michael Cassell, Political Correspondent

THE BATTLE between the Liberal Party factions for and against a merger with the Social Democratic Party was stepped up yesterday, in advance of tomorrow's crucial assembly in Blackpool, on the north-west coast.

Up to 3,000 Liberals are expected to attend the assembly, which will vote on whether or not to put the merger package to a full ballot.

Both camps were claiming yesterday that they were set to win the vote, which will require a two-thirds majority.

The Liberal leadership, however, believes that many members will not make up their minds until the debate.

Several leading members of the SDP will also be in Blackpool, although Mr Robert Maclellan, its leader, has dropped a plan to attend. Lord Jenkins, the party's first leader, said yesterday that he was returning especially from the US.

He added: "I am still concerned that an honest marriage can, and should, be made. Recent disputes have not been between the two parties but within them."

However, Mr Michael Meadowcroft, the former Liberal MP and president-elect of the Liberal Party, yesterday stepped up the campaign against a merger, calling the package "divisive and biased."

Mr Adrian Slade, the Liberal president, said yesterday he believed the merger package would be approved by the required majority.

Toshiba diversifies with small phone exchanges for business

BY TERRY DODSWORTH

TOSHIBA, the Japanese electronics group, is entering the UK business telephone equipment market to broaden the base of its rapidly expanding office systems division.

Although Toshiba created its British Information Systems subsidiary only two years ago, it has already built up annual sales of about \$30m. Its aim is to achieve a turnover of about \$100m by 1990, of which 25 per cent is intended to come from the newly launched telephone business.

The company has chosen to spearhead its assault on the UK telephone market with small business exchanges capable of handling up to 50 lines at once. Competition in such products, known as key systems, has intensified greatly in the last five years after the liberalisation of UK telephone procurement.

Mr Andrew Roberts, general manager of Toshiba UK's telecommunications division, said yesterday:

Industry's experience in Britain, Mr Takao Negishi said, labour relations had improved markedly in the last decade. "Excellent industrial relations is a feature common to all of the Japanese electronics companies in Britain."

The association says Japanese electronics investment in the UK totalled \$670m by the end of last year and has so far directly created or safeguarded 14,000 jobs.

Mr Negishi said the emphasis of new Japanese investment was likely to shift away from consumer electronics to industrial electronics.

He also expected an increase in the number of Japanese component companies setting up in the UK, partly as a result of EC action against use of Japanese-made components in European-based plants.

Investing in Britain: Japan's Electronics Industry. EIAJ, 1 Dean's Yard, Westminster, London SW1 5NR. Free

Yesterday that the company had decided to concentrate on key systems because it was easiest to get approval for new products in that area of the telecommunication market.

In addition, distribution channels were more available than for larger private exchanges, and Toshiba had a strong product range developed for the US, where it was the third largest supplier of key systems.

So far, Toshiba's business in office products has come mainly through its copier line and its range of portable and laptop computers - a sector where it has jumped to market leadership in Europe. It also launched its facsimile machines in the UK last year.

David Thomas writes: Japanese electronics companies might invest as much as \$100m in the UK this year, the European director of the Electronics Industries Association of Japan said yesterday.

Reviewing a booklet on the

Abbey to fund commercial property

BY RICHARD WATERS

ABBEY NATIONAL has become the first building society to finance a large commercial property development, marking a significant departure away from the industry's traditional residential base.

Another leading society, which yesterday declined to be named, is expected today to follow suit by announcing its own venture in commercial property development.

The entry of building societies into the commercial arena, though modest in terms of their total lending at this stage, could have significant long-term repercussions. Societies have suffered from severe competition for residential mortgages and are likely to welcome the opportunity to diversify into higher-margin lending which is also secured on property.

Abbey is providing £40m for

a development at Paddington Basin in West London.

Building societies were first permitted to finance property development by the 1986 Building Societies Act. Major housing development schemes have already been announced, mainly by Nationwide Anglia, which said last autumn that it would invest \$600m in rented housing over the next five years.

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Housebuilding starts highest for 14 years

By Andrew Taylor

BUILDING STARTED on more than 194,000 private homes in Great Britain last year, the highest number for 14 years, according to figures published yesterday by the National House-Building Council.

The council expected housebuilding starts to remain high this year, although at a lower level than in 1987. Starts last year rose by 4 per cent compared with 1986.

Mr Basil Bean, the council's director general, said the stock market collapse had not affected housebuilding activity, although London house prices appear to be stabilising at the top of the market.

Starts made on new homes during the final three months of last year were 28 per cent higher than during the last three months of 1986, underlining the continuing buoyancy in the housing market following the stock market crash.

However, the pace may be slowing in south-east England and Greater London, which last year accounted for more than 35 per cent of all private homes started in Great Britain.

According to the council, starts in the south-east during the final three months of last year were 3 per cent lower than in the previous three months. Housing starts in northern

England increased by 3 per cent over the same period.

The south-east, particularly those parts of London where young professionals tend to live, is seen as the most vulnerable to the slide in share prices although so far house prices and sales have remained unaffected apart from some parts of Docklands in east London.

Building societies are more concerned at the way in which price rises have outstripped salary increases, leaving people in high priced areas unable to afford to buy their own home.

Purchasers are having to borrow approaching four times their average annual wage to buy an average priced house, say the societies. They expect house price increases to be in double figures this year, although slower than in 1987.

High demand for sheltered housing for sick and elderly people has led to landowners obtaining planning permission for sites that are totally unsuitable, too far away from shops, public transport routes or on steep ground, warns a report published yesterday by the House-Builders' Federation.

Sheltered Housing for Sale. BEC Publications, Federation House, 2309/11 Coventry Rd, Salford, Birmingham B56 2PL. £10.

Electronic transfer urged on industry

By David Thomas

THE TRADE and Industry Department is urging companies in 10 industrial sectors to communicate more business electronically in a project called Vanguard launched in 1986 to stimulate information transfer electronically for improved efficiency.

Such services are called value-added and data services. They include electronic messaging and electronic data interchange, where companies send documents such as invoices between clients and suppliers over telephone lines.

Until now electronic data interchange has been adopted by only a few industries, among them motors and shipping.

However, the department, using responses to Vanguard's first phase which included free advice, has picked industries it believes most interested to develop the services.

They are textiles, wholesale food distribution, electricals, construction, educational applios, pharmaceuticals, brewing, aerospace, agriculturals and transport.

Hazel Duffy reports on the campaign to provide business consultancy services

DTI preaches the enterprise gospel

A MISSIONARY zeal has taken over in the regional offices of the Department of Trade and Industry.

In the north-west, getting the enterprise message over means civil servants getting closer to the customer. This is not just in Manchester, but also in Liverpool, Kendal, Preston and Crewe.

Mr Martyn Baker, DTI director in the north-west, moved his new team out of the Manchester tower block into new premises in downtown Mosley Street in time to coincide with the announcement last week of the new policies by Lord Young, Trade and Industry Secretary.

The team has been picked to go out and sell the new consultancy services. There will eventually be about 30 in the whole region. Most had already been working in the Manchester office but a few have been netted from Whitehall in response to a pre-white paper trowl to find volunteers for the regions.

The Mosley Street team work in offices designed to dispel the common image of the uncaring civil servant. A window to the ground floor offices displays the new departmental logo to bring home the message that the DTI is available to the businessman. Close carpets, new desks and terminals complete the image of a professional organisation, while an interview room for more private discussions has been thoughtfully provided.

It is all in line with Lord



Martyn Baker: taking the message into the field

Young's premise that the department will only be taken seriously in encouraging business to become more professional if it is seen to behave likewise.

A similar approach will be adopted on Merseyside. The other offices will be in a college of further education - helping also to emphasise links between business and education - and a local chamber of commerce, which businessmen are already in the habit of consulting. The civil servants in these offices will be "field officers," says Mr Baker, whose job will be to build up a network of contact points with local business.

"They will take every opportunity to meet and talk to people. They cannot do that simply sitting in an office."

first year of operation - is small beer. The department also has experience already of providing consultancy services, although on a much smaller basis.

But there are some inconsistencies which will need attention if the scheme is to work. The aim in Mosley Street is to provide as near as possible a one-stop shop. But there is the small matter of the small firms service offered by the Department of Employment.

The DTI says that the two are complementary - Employment is concerned with helping small firms at the earliest of stages, DTI takes it from there - and that inquiries to one, which seem better suited to another, will be passed on. Nevertheless, the separation of the two looks increasingly like a hindrance to the effective working of a service to business.

Then there is the matter of the budget. Despite the lip service paid in Whitehall to delegated budgets being a necessary part of devolved authority, Mr Baker does not have his own budget for the new initiative.

Lord Young explained his regional policy changes as the Government seeking to increase indigenous growth in the regions and avoiding the branch economy situation. If his regional offices are to be given a bigger role, as the white paper said, and to be told to identify more with local business, they will need to be given more financial responsibility.

Chemicals group in US growth

By Peter Marsh

ALLIED COLLOIDS, the Bradford chemicals group, is spending \$16m (£8.8m) expanding its US plant in Suffolk, Virginia.

The investment is aimed at adding to a sales drive by Allied Colloids in the US, where last year the company derived about a third of its \$143m sales revenue. It will also reduce the costs of shipping products from the UK.

Output from the Suffolk plant, which employs 150 and was opened in 1985, is worth about \$11m a year, with the rest of Allied Colloids' US sales used by products from its main Bradford factory.

The US expansion will increase production of the Suffolk plant by half and require about 50 more workers. The plant's main products are polymer-based additives used to aid chemical processes in industries such as paper-making, mining and pollution control.

BP share advertising cost £23m

By Maurice Samson

SALE OF the government holding in British Petroleum cost £23.1m in advertising bills, bringing official total advertisement spending on the privatisation programme to more than \$60m.

The figures were issued in a written parliamentary answer by Mr Norman Lamont, Treasury Secretary.

He said the next biggest bills were the £11.7m for advertising the British Telecom flotation in 1984 and £11.5m for the British Gas sale in 1986.

However, some media analysts say the total cost of popularising the gas sale, including advertisements and prospectuses, was nearer \$20m.

Assuming Mr Lamont's figures were calculated on a common basis, the higher BP cost appears to reflect the size of the issue and difficulties of marketing it, aside from those caused by the stock market crash.

Whereas the entire gas corporation was being sold for the first time, the BP sale had to arouse public enthusiasm for a secondary issue involving the Government's 32 per cent stake and a further 20 per cent rights issue by BP.

An advertising executive said that in a climate of falling oil prices those responsible for marketing the issue "had to create a feeling of scarcity and then persuade the public to get its money out of the building society."

The targets in the three big flotations also differed - the British Telecom sale aimed at raising £4bn, British Gas at £5.6bn and BP at £8bn. Further, a bigger audience was sought for BP.

All three were marketed by Dewe Rogerson, the communications consultancy now advising the Central Electricity Generating Board on the Government's more complex plan to privatise electricity supply.

ITV revenue totals £1.33bn

THE 15 regional independent television companies earned a record £1.33bn in net advertising revenue last year. The unaudited figure was an increase of 12.1 per cent on the 1986 total of £1.18bn.

Advertising revenue varied from peak growth of 21 per cent in May to a 1.94 per cent fall in November compared with 1986. The rate is expected to slow this year but real growth of 8-10 per cent is being forecast.

TV-am, the commercial breakfast television company, plans a wide variety of programmes for US television and cable companies.

When cotton yarn processors James Sutcliffe & Sons Ltd were told of the massive savings they could make by switching from oil to electricity they were, frankly, sceptical.

Ian Flint, Industrial Sales Engineer at Yorkshire Electricity Board, had taken a hard look at the oil boiler - used to provide heat for steaming cotton yarn and for space and water heating in the works canteen - and predicted substantial benefits by switching to electricity.

YEB carried out detailed tests before recommending the installation of a highly efficient electrode boiler for yarn steaming, with separate electric space and water heating equipment in the canteen.

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UK NEWS

Health groups join to start insurance scheme

BY ALAN PIKE, SOCIAL AFFAIRS CORRESPONDENT

TWO LEADING private health organisations are combining to launch a scheme which they hope will widen the UK market for health insurance.

out private health insurance as individuals. About 70 per cent of acute medical activity in Britain's 200 private hospitals is financed by insurance. Estimates of the number of people covered by such insurance vary, but it is less than 10 per cent of the population.

The scheme is being test-launched in Birmingham and Plymouth. Nuffield and Crusader say that, by combining their resources, they can make premiums considerably lower than normal. The monthly rate for a middle-aged couple with children will be \$31.84. The promoters say two other major comparable schemes cost \$43.84 and \$57.10.

Pulp and paper use increases by 7%

By Maggie Urry

UK USE of pulp and paper rose by 7 per cent and output by 6.5 per cent last year, Mr Bo Wergens, Swedish Pulp and Paper Association director general, said yesterday. The UK is Sweden's largest export market for paper.



The Financial Times Centenary Photographic Exhibition, which will tour the UK this year, was opened by Sir Geoffrey Howe, Foreign Secretary, at a private view at the British Telecom Tower in London yesterday. The exhibition contrasts pictures by FT photographers taken in the late 1940s with images of a century ago.

Hewlett-Packard in sales record

By Terry Dodsworth

THE STRENGTH of the UK computer market last year was underlined yesterday in figures from Hewlett-Packard showing record sales, profits and exports in the 12 months to the end of October.

The British subsidiary of the US-based company achieved a 145 per cent increase in pre-tax profits to \$11.8m against \$13m in 1986. Turnover jumped by 20 per cent to \$428m from \$357m, while exports also went up by 20 per cent to \$137m from \$115m.

Army to set up HQ near Irish border

BY OUR BELFAST CORRESPONDENT

THE ARMY is to have a new brigade headquarters in Armagh to spearhead the fight against terrorism along the border between Ulster and the Republic of Ireland, Mr Tom King, Northern Ireland Secretary, announced yesterday.

There are two military barracks in Armagh and the new brigade is likely to be accommodated in existing buildings. Its task will be to patrol the border regions with the Irish Republic, enabling the other two brigades to concentrate on supporting the RUC in other parts of the province.

A spokesman at army headquarters in Lisburn said the new brigade would be operational within a few months. There would be redeployment of regular army troops but the role of the Ulster Defence Regiment would remain unchanged.

Tighter rules as unpaid tax increases

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

THE Government yesterday reported a sharp increase in the amount of unpaid tax that has been written off by the Inland Revenue from insolvents and from debtors who had gone abroad or were untraceable.

Answering questions tabled by Mr Gordon Brown, Labour's Treasury spokesman, Mr Norman Lamont, Financial Secretary to the Treasury, said a total of \$299.8m in unpaid tax had been written off.

The largest rise was in the numbers of non-payers whose debts had been written off because of insolvency. There was a similar increase from \$6.171 to \$1.304 in the number of taxpayers who avoided payment by vanishing without trace or by leaving the country.

Promising Year Ahead for ANZ.

Highlights from the Chairman's address:



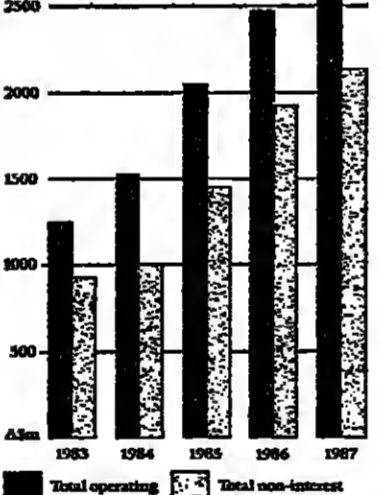
Sir William Vines, A.C., C.M.G., Chairman, ANZ Group.

doubtful debts, we achieved an increase of 40 per cent. On an after-tax basis, this translates to a 22.1 per cent increase in Group operating profit.

Another important measure of performance is the increase of almost 21 per cent in total income. This is well above the 15 per cent increase in costs.

We are currently reviewing our policy on dividend payouts and you will be advised of the Board's proposals before next year's interim dividend is declared.

Operating income and expenses. Total operating income rose from 1983 to 1987. Total non-interest expenses also rose.



The task for the Board is to ensure that whatever is done has the effect of maximising returns to shareholders whilst at the same time ensuring the impact on retained earnings is not detrimental to the Group.

The question of issuing different classes of shares with different rates of dividends is being examined and a sampling of shareholders' opinions will be obtained.

There have been a number of comments in the media about the effects of the abnormal items on this year's profit result. The fact of the matter is that we had no option but to adopt the course that we did. During the year, the Bank offered eligible staff an opportunity to transfer to or join a new pension accumulation fund.

When this situation crystallized it was found that the Bank had, over the years, made significantly higher contributions to the old scheme under actuarial advice than is now found to have been necessary.

Under the rules of the original fund, any surplus was required to be transferred back to the Group.

We treated the \$158 million after tax as an abnormal credit, and balanced it out by charging against it an equivalent amount as an abnormal provision for bad and doubtful debts.

ANZ is in a strong position with the present level of its provisions. We have an exposure to 22 debt rescheduled countries of about \$1.5 billion. Our provisions against this now amount to 31 per cent of

all the relevant exposures on a future tax benefit basis. Furthermore, these exposures represent only 2.3 per cent of total Group assets which compares very favourably with leading UK and US banks.

The real problem facing ANZ - and other banks for that matter - is not the level of exposure that we have to these countries, but the much higher level of exposures held by other major international banks.

We have daily inter-bank dealings amounting to billions of dollars and if any one of the banks we deal with had problems with foreign debt, we would feel the consequences.

Interdependency is such that a bank cannot isolate itself from these risks without withdrawing from the business of banking.

We are confident that ANZ will not incur a major adverse effect as a result of the stockmarket crash, although we have incurred some losses. A senior management review of all exposures has revealed that ANZ's prudent lending policy has given us the protection we had anticipated.

We believe that our shares are grossly undervalued at present, and we hope that as the readjustment of stock values globally takes place we shall see a restoration of ANZ share price to its true value relative to other stocks.

We are still the same Company that we were before the crash - efficient and profitable - and this must ensure sooner or later a return to a fairly valued stock.

Much of what was the original Grindlays Bank has now been absorbed into ANZ, not only in name but also into the balance sheet.

Overall, almost every sector of the Group's business achieved increases in profit performance and this includes the former Grindlays operations.

The underlying Grindlays entity results showed significant improvement and this continues into the current year.

Changes will be continuous as we constantly adapt our operations throughout the world to try to ensure the most profitable organisation in the interests of our shareholders.

We divested two business interests this year - Metropolitan Life Assurance Company of New Zealand and ANZ Finance Limited in the United Kingdom. Their future could not be reconciled with ANZ's strategic aims.

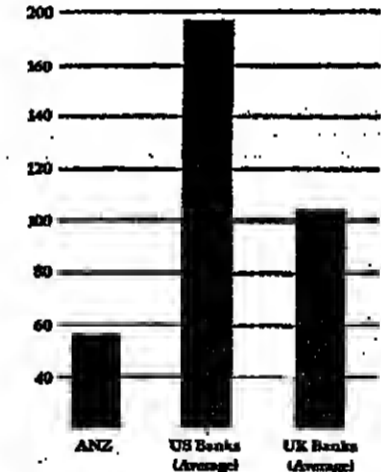
We also commenced the final stages of a major rationalisation of our London operations. Divestments and rationalisations are often counter-balanced with acquisitions.

During 1987 we completed our 100 per cent acquisition of stockbrokers McCaughey Dyson which is providing current and potential value to the Group.

Mr. A. J. O. Ritchie retired from the ANZ and other Group boards on 30 November. He gave distinguished service to the Group from the time of the Grindlays acquisition. During the year we were saddened by the death of Sir James McNeill - a Director of the Group until 1986 and Chairman of our International Board of Advice. He will be succeeded as Chairman

of this Advisory Board by that distinguished world figure Lord Carrington when his term of office as Secretary General of NATO ends on 30 June next.

Debts to troubled countries as % of shareholders' funds.



Mr R. B. Vaughan, Chairman and Managing Director of the Dalgety Company in Australia, accepted our invitation to join the Group Board. These arrangements were concluded too late to include a resolution for shareholders to confirm his appointment at this meeting.

ANZ Prospects in 1988. We have given full weight to the effects, as far as we have been able to assess them, of the October stockmarket crash. We have also accepted that there will be some slow down in world demand.

However, we do not anticipate a major world recession in 1988 nor a currency collapse nor a widespread repudiation of their debts by the LDCs nor the occurrence of a major bad debt or series of bad debts by ANZ. Naturally any one of those happenings would of course serve to diminish our present expectation of results.



After three months operations in the current year, profits are ahead of last year's by a pleasing margin, and ahead of our budgets. Revenues continue to increase at a faster rate than costs.

Directors believe that shareholders can expect, in the absence of major changes in the global or local economies, a pleasing result for 1987/88.

Securities offices link

BY TERRY BYLAND

THE US and Japanese offices of Wood Mackenzie are to be integrated with those of County Securities. The move is a first step in the amalgamation of the two UK securities firms, which officially merge on Monday.

Further moves to rationalise operations are expected soon. About half the 12 employees in Wood Mackenzie's Tokyo office will be repatriated or placed elsewhere in the County Securities offices. County has a staff of 100 in its Tokyo securities office.

All 15 staff at Wood Mackenzie's New York office will be assimilated into County's 100-staff operation in Manhattan.

The rationalisation of the New York and Tokyo operations, described as "relatively minor," will not mean any reduction in the business areas covered by the merged firms.

UK ECONOMIC INDICATORS

Table with columns for quarter, GDP, Retail sales, Industrial production, etc. for 1986 and 1987.

Table with columns for quarter, Consumer goods, Investment goods, Industrial goods, etc. for 1986 and 1987.

Table with columns for quarter, Export volume, Import volume, Value balance, Current balance, etc. for 1986 and 1987.

Table with columns for quarter, M0, M1, M2, Bank lending, etc. for 1986 and 1987.

Table with columns for quarter, Inflation, Wholesale prices, Retail prices, etc. for 1986 and 1987.



FT LAW REPORTS

Complaint against arbitrators fails

BANK MELLAT v GAA DEVELOPMENT CONSTRUCTION COMPANY Queen's Bench Division (Commercial Court) Mr Justice Steyn January 12 1988 MAJORITY ARBITRATORS who are required by the ICC Court to elaborate on (but not to change) reasons in their draft award, commit no misconduct in declining to convene a meeting with the dissenting arbitrator if he has already expressed his views after full deliberation so that a further meeting would be time-wasting, and if he is invited to comment on the revised award by correspondence. Also, the award would not be invalidated by a mistake as to construction of the disputed contract on the ground that the majority exceeded their jurisdiction, in that interpretation of the contract is always a matter for the arbitrators irrespective of its governing law. Mr Justice Steyn so held when dismissing an application by Bank Mellat to set aside a majority arbitration award on the ground of misconduct, and granting an application by GAA Development Construction Co for summary enforcement of the award against the bank. HIS LORDSHIP said that by a contract made in August 1975 between GAA and Bank Omran, GAA agreed to buy land near Tehran from the bank and to build apartments. The bank was to receive the price of the land and 15 per cent of the proceeds of sale of the apartments. GAA was a Liechtenstein company, beneficially owned by Israeli interests: Bank Omran was Iranian, and was merged into Bank Mellat by expropriation in the post-revolutionary period. Clause 11 of the contract provided that in case of force majeure the parties should be relieved of their obligations and should seek to reach agreement "on an equitable solution". If they were unable to do so either party might refer the matter to arbitration. Disputes were to be settled by three arbitrators in London in accordance with the rules of conciliation and arbitration of the International Chamber of Commerce (ICC) of Paris. The award was to be absolute and final, and the governing law of the contract was Iranian law. Construction commenced in March 1977. In November 1978 work ceased on site. The Islamic revolution took place and the project was doomed. In June 1979 GAA gave the bank notice that force majeure made the contract impossible. It nominated an English lawyer as arbitrator and the bank nominated an Iranian lawyer. Mr Goodard Djahromi, The Swedish National Committee of the ICC appointed a Swedish judge as third arbitrator, and she was subsequently appointed chairman of the tribunal by the ICC. The final award took place from September 3 to 11 1986, lasting nine working days. On September 12 the arbitrators held a meeting to deliberate. On January 24 and 25 1987 their final meeting took place. Fundamental differences existed between the majority and the minority (Mr Djahromi), the former favouring GAA's position and the latter favouring the bank. A draft majority award was on the table for discussion. Mr Djahromi's reasons had not yet been prepared, but he had an opportunity during the two days to put forward his views. On March 25 the draft majority judgment and the dissenting opinion were considered by the ICC Court of Arbitration. The ICC Court had no judicial function, but supervised the application of ICC rules by arbitrators. It scrutinised awards, paying particular attention to form and the mandatory rules of the place of arbitration, without affecting the decision. The ICC Court did not approve the majority award, but sent it back for reconsideration, asking for strengthened motivation of two issues. All three arbitrators received the communication. Mr Djahromi was in a position to communicate his views to his co-arbitrators by letter or telex. Instead he asked the chairman to convene a further meeting. He was sent a copy of the revised award and on April 25 the chairman telegraphed him that the reasons had merely been elaborated on, not changed, and there was no need to reconvene. She invited him to comment in writing on the revised award by May 7. He did not respond to the invitation. On May 13 the ICC received his "further dissenting remarks". They were considered by the majority, and the revised award was placed before the ICC Court. It was approved on June 17. Bank Mellat now sought to set aside the award on the ground of misconduct. The charge was that the majority failed to convene a meeting or to comment on the award after the ICC Court referred the majority award back for reconsideration. The governing principle was that after end of the hearing parties were entitled to an impartial and fair consideration and resolution by the arbitrators acting together, of all issues in the case. It was not suggested that the amendments to the reasons involved anything that had not been canvassed and discussed. In Iranian law the phrase "equitable solution" bore no technical meaning. The interpretation adopted by the majority was therefore manifestly open to them on the evidence and arguments. It was plainly the correct interpretation. The complaint, and other subsidiary complaints, failed. The award was final, binding and enforceable. Bank Mellat also resisted enforcement on the ground that the terms of the award did not permit enforcement under section 26(1). The section provided that an award might be enforced by leave of the High Court, "as if it were a judgment". Conventionally in England the dispositive part of an award was introduced by the words "We award and adjudge". The dispositive part of the present award provided that the majority award and adjudge that Bank Mellat should pay GAA \$3,656,914. But, it was pointed out, in their reasons the majority stated "the bank should pay the awarded sum in Switzerland". That ruling was based on the general principle that, in the absence of agreement to the contrary, the debtor should seek out the creditor for purposes of payment. The real release was that the currency should not be in riyals. A ruling of law contained in the reasons did not ipso facto form part of the dispositive provisions of the award. Here the majority expressly added "This ruling is intended not to prejudice any action for enforcement of the award". Reading the ruling in the reasons as part of the dispositive provisions involved a re-writing of the award which was contrary to principle and practice. GAA's application was granted. For the bank David Hunt QC and Richard Lord (Stephenson Harwood) For GAA: Robert Akenhead (Chew & Chubb)

By Rachel Davies Barrister

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Company Notices ROYAL BANK OF CANADA Dividend No. 402 Notice is hereby given that a dividend of 52 cents per share upon the paid up common share of the Bank has been declared for the current quarter and will be payable at the Bank and its branches on and after 24 February 1988 to shareholders on record at close of business on 22 January 1988. By order of the Board R.L.Moore Vice President & Secretary. RE: GENFINANCE N.V. USD 100,000,000 Floating Rate Notes Due 1984 In accordance with the terms and conditions of the notes, notice is hereby given that for the six month period from July 22, 1986 to July 22, 1988, the notes will carry an interest rate of 7 1/2% per annum (inclusive of put margin). The coupon amount so calculated will be USD 392,250. Banque Generale du Luxembourg S.A. Agent Bank. ECU 50,000,000 THE KOREA DEVELOPMENT BANK Floating Rate Notes due 1982 In accordance with the provisions of the notes, notice is hereby given that for the six month period from January 22, 1986 to July 22, 1988, the notes will carry an interest rate of 7 1/2% per annum. The interest amount payable on the interest period from January 22, 1986 to July 22, 1988 is ECU 877.06 for each Note of ECU 10,000. GENERALE BANK, Agent Bank. Art Galleries GRUB FIRST, DEGENCY SECOND Bernold Bruck, Some Bizzare Label announces the January-February Sale. DEGENCY, Until February 26th, Deagency. Bazaar Gallery, 146 New Cavendish St. London W1. (01) 631-1168. Opening times: Tues - Sat 12 - 7.30 pm. World of Drawings and Watercolours. Park Lane Hotel, Piccadilly, W1. 20-24 Jan. 11-8 pm. Last 2 days 7pm. Personal STAMP FAIR - Oakes, Poole, Jan 11am-7pm. 25th, Palmers Hall, New Trinity Lane, West Wickham, Surrey (M25 at West Wickham) City of London, Surrey, 1988.

THE PROPERTY MARKET BY PAUL CHEESERIGHT

A roundabout way to get to market

IT MIGHT seem crazy to be talking about a new market when there is still no certainty about the effects of the equities collapse. But that is what is going on.

The new market is for the listing of single property schemes on the Stock Exchange. The talks are part of the regulatory merry-go-round, the effort to provide a framework of investor protection without frightening off those with single property vehicles to bring to the market.

These vehicles could be single asset property companies, single property ownership trusts or property income certificates: a Sapco, a Spot or a Pinc.

The market has appeared ready for launching but has not reached the starting point. Three sets of regulations are necessary from three sets of people; and the talk about the regulations is going round and round.

Talks between the property people behind the different instruments on offer and the Stock Exchange, which were concluded last year, are now being repeated with the Department of Trade and Industry and the Securities and Investments Board.

It is unfortunate that the Stock Exchange, the body at the bottom of the regulatory pile, came out with its listing requirements first.

Now the DTI has published

for consultation its draft regulations for single property schemes, defined as a collective investment scheme, and for trust based schemes. The SIB has come out with its own draft and invited the Stock Exchange to bring its listing requirements into line.

The Stock Exchange listing requirements of last May had the support of the property industry - that is, representatives of the Barkshire Committee, promoting Sapco and Spot, and the Pincs Association. Investment companies, developers, banks, lawyers and surveyors are represented on both bodies.

But the DTI's and SIB's draft regulations do not reflect a similar dialogue, adding to the liaison problem.

"It is difficult to get three lots of regulations reading the same way," says Tim Simon, of Savills, the surveying practice which is a member of the Barkshire Committee.

There are two general points: the first is that the DTI and SIB regulations are detailed. It is a moot point whether the drafting has been flexible enough to allow new instruments to emerge to reflect different criteria of investor protection or a changing tax regime. Flexibility is a must because, as Paul Walker of Lawrence Graham, the lawyers, says, "changing the law is difficult and time-consuming".

The second is that the Stock

Exchange listing requirements have become subordinate to the SIB regulations.

This leads into a series of concerns within the industry about the draft regulations. Property people argue that if the Stock Exchange has to mirror the SIB, it loses the ability to permit a degree of discretion in the detail that will be necessary in the annual report of a single property scheme over, say, future expenditure. The reporting burden, therefore, becomes more onerous.

'It is difficult to get three lots of regulations reading the same way'

The concerns have in common the thought that the regulators are being too heavy-handed and are making more stringent demands of single property schemes than are made of companies. Four stand out: two from the DTI, two from the SIB.

The DTI has stated that, for the collective and trust schemes (not the Sapcos), borrowing should be confined to three times the annual rental income. The aim is to ensure that investors do not get stranded with a burden of liabilities from the vendors to

the market of a property.

This need not affect Spots unduly because they have never been seen as geared investments, but it would bear on Pincs. Such a level of borrowing would not constitute much more than working capital and it appears to reject the possibility that gearing might be appropriate for a refurbishment.

Paul Rivlin of County Natwest, a sponsor member of the Pincs Association, argues that companies run with gearing, and property schemes should also be allowed to. "If we do have to have a limit, let's have a sensible limit. But we don't want a limit." His idea of a sensible limit would be 75 per cent of the value of a property.

Another problem for the industry is the DTI regulations is the power given to investors over major decisions - borrowing, refurbishment, disposals - at the expense of the original owners of the property. The assumption is that the vendors of any property to the market would keep a stake in it.

If a vendor keeps 20 per cent, then that vendor should be able to vote for 20 per cent of the units at meetings, Mr Rivlin says. As Mr Walker puts it, "investors and vendors should be treated alike", as joint participants, without investors being singled out for special protection.

The first problem springing

from the SIB regulations is the demand for future estimates of rental value to be made at the end of the accounting period and contained in the annual report. It is argued that this could cut into rent review negotiations spanning the end of the financial year.

Why, asks Mr Simon, should the operators of a scheme be put in the position of publicly disclosing their negotiating position with a tenant? Mr Walker says there should be an escape clause so "you don't have to disclose when it is commercially sensitive to do so".

An annual valuation of the building is also required. It is not clear how this can sit with a publicly traded property stock, where the market is settling the value of the building through the prices at which the units in it are traded.

The next SIB issue concerns the demand for an annual structural survey. The Stock Exchange listing requirements had wanted one every three years.

Industry people argue that a yearly survey is quite unnecessary. Normal practice is for a structural survey to be done when a building changes hands or during preparations for refurbishment or redevelopment. Most tenancy agreements, in any case, make the leaseholder responsible for repairs.



Careful timing will be the key

WHEN ALL the regulations have been settled, the sponsors of the different property schemes will need to consider the timing of their first issues.

The Pincs Association was poised to come to the market with three issues last October, but was frightened by the possible effect of the DTI regulations. Then the equity crash killed off any lingering hopes of a launch.

The latest newsletter of the Pincs Association seems to rule out any early decisions on a

launch: "Until the extent of the reaction (to the equity market fall) is known, the valuation of a property for registration and the pricing of Pincs will be more difficult. We shall need a stable market for the successful flotation of the first Pincs."

From the start, the Pincs Association and the Barkshire Committee have acknowledged that the timing of the first issues is critical, because if the new market did not take hold then the chance of bringing new liquidity to the property market could

be set back several years.

There is a belief that new issues have only a limited chance of success because market confidence has been knocked.

The counter argument is that, since equities are not the havens they used to be, the solidity of property becomes more attractive, especially when new investment in it can readily be betted. That is certainly the view in Belgium where there have been new unlisted property issues placed on the market since October.

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MANAGEMENT

Why Mandelli taught itself a lesson

Learning from European customers, the Italian group developed flexible manufacturing systems. Alan Friedman reports

CAN A MODEST-SIZED and family-owned Italian machine tools company turn itself in a very few years into a supplier of one of the world's most advanced flexible manufacturing systems?

For Mandelli of Piacenza in Lombardy, some 30 miles south of Milan, the answer is yes. The company, which has opened subsidiary offices in France, West Germany, Sweden and the US, has followed an aggressive policy of heavy research spending and developed a sales strategy that has won it major orders throughout Europe and the US. Today the company can claim to have sold and installed 26 of the estimated 280 FMS factory automation systems in place in industrialised nations.

The story of Mandelli bears telling because it exemplifies the rewards of forward thinking and of treating Europe as a whole as its immediate market. It is also an example of a company that has spotted trends in manufacturing and has pursued them in many European markets which have been traditionally treated by the West Germans as their own back yard.

The 52-year-old Giancarlo Mandelli, a soft-spoken industrialist who recently completed a long-desired degree in political economy, recalls with pride that his father founded the company in 1932 as a precision engineering firm that sought to become a sub-contractor for big manufacturers. Mandelli and his two brothers - both of whom work on the technical side of the business - joined the family business in the 1950s "with the goal of bringing our name to the attention of the wider world."

In 1967 Mandelli launched its first machine tool, built with a numerical control system, at a trade fair in Milan. At the time the company had 82 employees, a small factory at Piacenza, sales of less than 11bn and no clients outside Italy.

In the early 1970s Mandelli had serious problems in selling its products abroad. "We



occurred which changed Mandelli's destiny. The first was that Amada, a Japanese machine tool company with 6,000 employees (more than ten times the size of Mandelli's staff), came to see the little company in Piacenza and ended up paying \$2m for licences to use Mandelli's home-grown technology in the production of multi-purpose modules. Then, with persistent problems in the West German market ("our clients liked our products but they wanted guarantees on delivery and servicing in the local language"), Mandelli invested in hiring ten people to open a European sales subsidiary in Wiesbaden, Mandelli International GmbH.

The Japanese interest proved to Mandelli that it was onto a solid technology, and the German office began winning orders in a big way. By 1983 around 40 per cent of sales were non-Italian; this is now up to 88 per cent. Other foreign offices followed, because, as Mandelli puts it, "we realised that if you are going to make an impact in a foreign market you have to establish a direct physical presence and deal in their language, their culture and their currency."

"We opened in Wiesbaden eight years ago because Germany is at the centre of the European market and because Germany has a more sophisticated financial system than Italy and we needed international trade finance. We believed then and do even more now in the need to get away from a local mentality and prepare for 1992. Germany helped us to do that," Mandelli explains.

Spending on research is the second pillar of Mandelli's strategy. At present some 115 people work on R&D and this year more than 10 per cent of the company's expected 1,120bn of turnover will go to research.

To help finance the growth, the Mandelli family has (rather unusually) allowed a merchant banking subsidiary of the Banca Nazionale del Lavoro to buy 10 per cent of

its equity. "We hope to come to the stock exchange when market conditions improve," adds Mandelli, noting that 1987 marks the third year of a fully consolidated and externally audited balance sheet.

Earlier this year Mandelli also began a venture with IBM's Italian subsidiary in which the US giant and the Piacenza family firm will conduct research aimed at realising the computerised factory.

Aside from the IBM venture (which sees the US giant with 49 per cent of control), Mandelli has also taken advantage of Italian government financial incentives to join three partners and launch HITEX, a research company in the south of Italy.

Meanwhile, Mandelli repeats that for his company and others in Europe the key is "to identify strategic markets outside of your domestic base and then place people on the ground in those markets."

Other foreign orders have come from Rolls-Royce, which has bought a Mandelli system for its nuclear engine plant in Miami, Florida. Mandelli has also done FMS business with



Giancarlo Mandelli sent his machining centres on a trial basis

THE GROWTH OF MANDELLI

	1983	1984	1985	1986	1987
Sales	Lbn 38.96	Lbn 57.01	Lbn 65.12	Lbn 90.30	Lbn 120.00
Operating profit	0.1	0.2	0.5	3.1	6.0
Exports (% of sales)	40.2	42.5	38.0	55.9	58.0
No. of employees	613	616	646	726	780

Note: 1987 figures are forecasts

Rockwell in Italy, Caterpillar, Renault and Aerospaciale in France, Deere & Co in the US, Steyr in West Germany, and Saab in Sweden.

Perhaps the greatest satisfaction for Mandelli comes from having supplied an FMS to the legendary Ferrari luxury car company. Ferrari is partly owned by Fiat and the Fiat group has its own FMS subsidiary, Comau, which is also among the most advanced in the world.

The Italian press trumpeted Mandelli's achievement in beating Fiat for a contract to supply a Fiat subsidiary and Enzo Ferrari bestowed one of his Testarossa models on Giancarlo Mandelli as a sign of his appreciation.

Meanwhile, Mandelli repeats that for his company and others in Europe the key is "to identify strategic markets outside of your domestic base and then place people on the ground in those markets."

This article concludes this series. Previous articles appeared on October 14, 21, 29, November 2, 15, 18, 25, December 2, 7, 16, 21 and January 18.

Training

A different materials handling

New skills will be needed to deal with the developments from current technology. Charles Leadbeater reports

WHAT SKILLS will be needed to produce the elusive blue chip?

Indirectly this is the question posed by Tim Brady, and Richard Pearson of Sussex University, in papers presented to a recent Manpower Services Commission seminar. They argue that the use of information technology will not be the only way to transform industry's skill needs in the next decade.

The development of new materials, such as fine ceramics and biotechnology - the process by which it may be possible to produce, among other things, the blue chip - could also have far-reaching implications for companies' skill needs. While the implications for training of information technology and microelectronics has been fairly thoroughly examined, the implications of these other technologies has been rather neglected.

But as Brady warned: "It is possible that in the next century new materials and materials based on biotechnology could be the basis of a transformation of skill needs as extensive as that now being experienced in relation to information technology."

He continued: "One could argue that one of the reasons for the failure of British industry to gain the benefits of information technology has been a lack of adequately skilled and trained manpower. It would be sad to repeat in 20 years'

time that a similar shortage of skilled manpower has prevented the UK from gaining the economic advantages of new materials technologies."

According to Brady, four sets of new materials are likely to have important consequences for training in the next decade: new developments in plastics, such as strong engineering plastics, adhesives, composite materials and high performance ceramics, fine ceramics and technical ceramics.

The relative neglect of the role of new materials is slightly surprising given that many developments in information technology can be traced back to the development of new materials.

The germanium transistor assisted the wider diffusion of electronics because it was more compact and used less power than thermionic valves. The development of silicon semiconductor material paved the way for the economic production of integrated circuits. Future developments in electronics are likely to come from superconducting ceramics.

Developing these new materials will not only require greater investment in research and development, Brady argued. One of the key skill shortages will be in design. Realising the full potential of new materials for the innovation of new products and processes will require completely restructured products and production processes rather

than simple substitution of new material for old.

The growing importance of biotechnology will increasingly demand interdisciplinary skills, according to Pearson. It embraces biochemistry, biology, microbiology, genetics, and bioprocess engineering, and applies to a range of industries from agriculture and environmental control to health-care and pharmaceuticals.

Most key biotechnology workers are rarely regarded as specialists until they have completed several years post-doctoral research. This means that any significant expansion of Britain's output of skilled biotechnologists will take several years to achieve, by which time the character of the industry could have changed markedly.

But, Pearson warns, on current trends there is little likelihood that the skill shortages faced by Britain's relatively small biotechnology industry will be eliminated.

The demographic downturn, combined with tight resources in higher education, and much more attractive salaries and working conditions in industry, especially abroad, means that the supply of post-doctoral biotechnologists is unlikely to meet demand.

Skills Needs For Technological Innovation, MSC Seminar Report is available from Gail Waring, MSC Skills Unit, Room W425, Moorfoot, Sheffield S1 4PQ.

Management abstracts

Protecting your pension fund from predators. P Bennett in *Accountancy (UK)*, Sept 87, (2 pages)

Looks at external financial reporting, noting that the overriding legal requirement is that accounts give a true and fair view; contends that opinions as to what is true and fair can differ sharply, particularly in the areas of bad debt provision, stock valuation, and contingent liabilities. Contrasts the approaches of the US and UK accounting

authorities - the former issues comprehensive standards on the basis of legislation for "scoundrels", the latter's standards allow more room for discretion. Believes that the optimum point lies between the two; argues that pressures on companies to manipulate financial statements are increasing.

These abstracts are condensed from the abstracting journals published by Andrew Lawrence Publications. Licensed copies of the original articles may be obtained at a cost of £4 each (including VAT and postage with order) from Arber, PO Box 25, Winstley HA9 6DL.

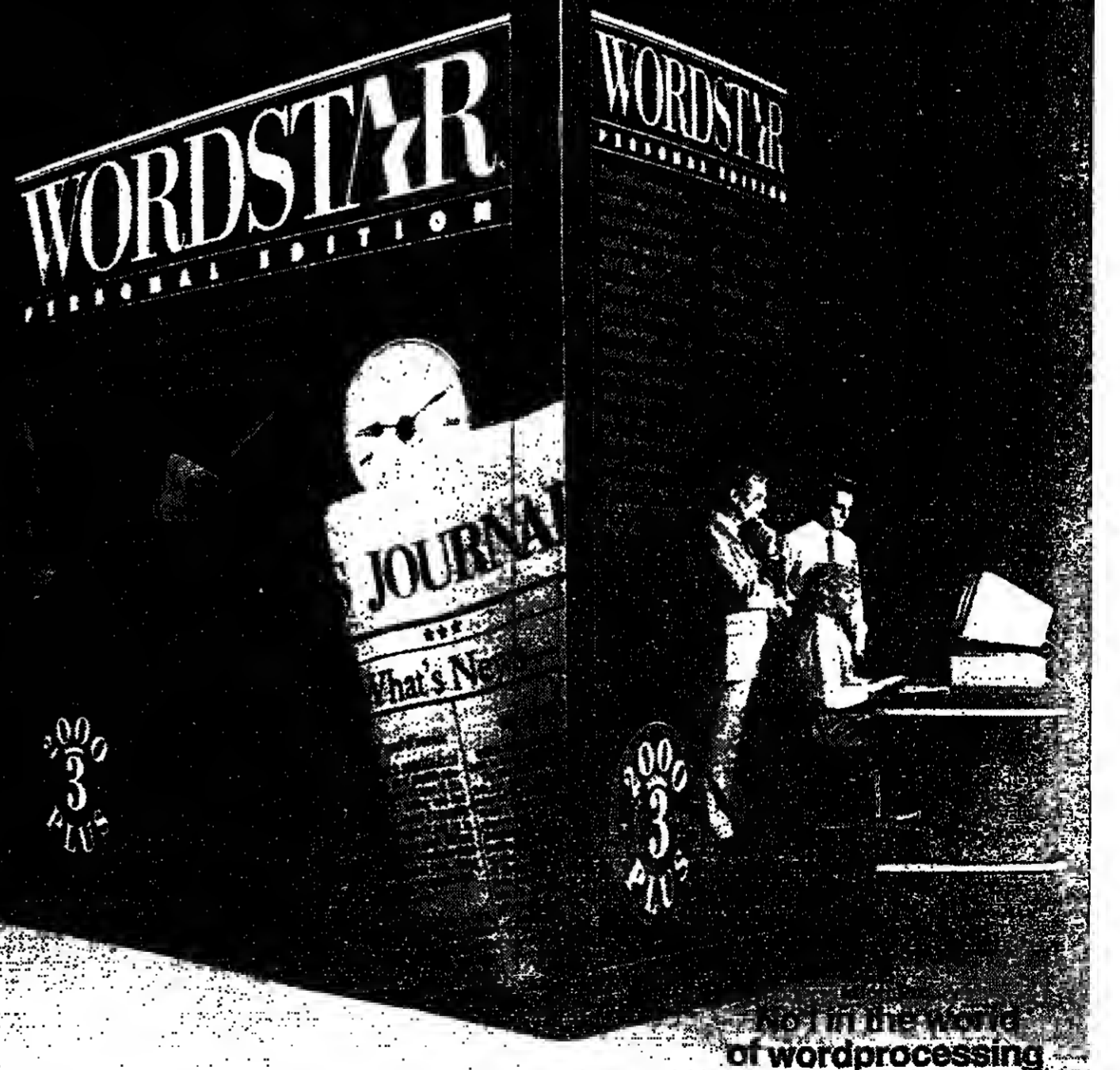
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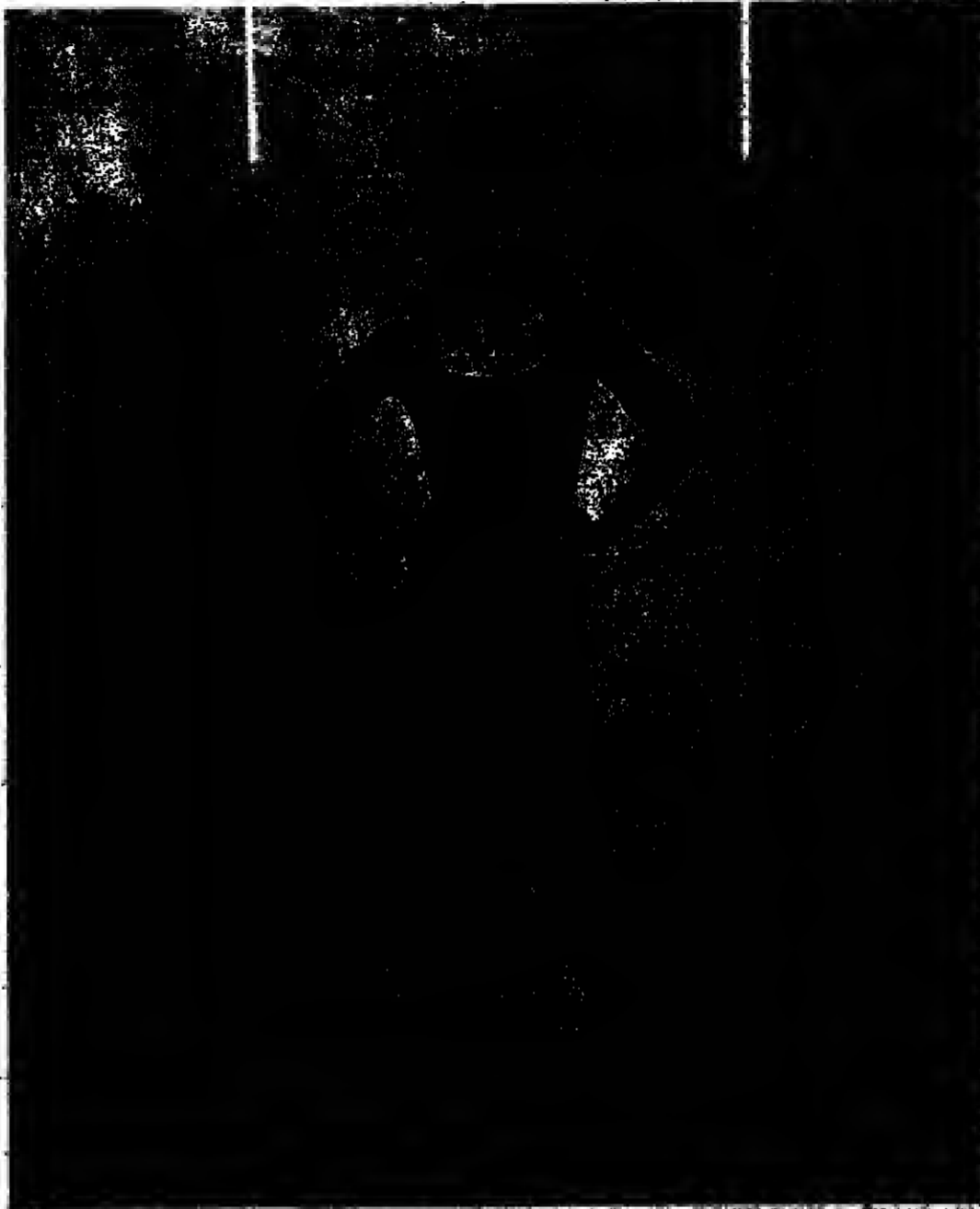
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TECHNOLOGY

Home smart home

France takes initiative on intelligent dwellings. Paul Betts reports

APTE Informatique, Robotique, Productique, and Buro-antique a new "tique" has entered French technology jargon - Domotique.

In most other western countries, these new technologies of the home are usually grouped together under the simple heading of "home automation".



The idea is that, by then, increasing numbers of consumers will want to enhance the convenience, security and efficiency of their homes by merging the various appliances and equipment into an integrated network.

The French promoters of domotique believe that Europe has so far trailed behind the US and Japan in this sector. Indeed, the Japanese have for some time seen the intelligent home as providing one way to offset the problems of increasingly mature markets like micro-electronics and consumer electronics.

The Paris domotique conference attracted about 600 participants from the electronic and building industries, including more than 150 from other European countries.

One key to the future development of domotique in Europe is the definition of a common European standard. This is now being undertaken by a group of seven European electronics companies including Thorn EMI, GEC and Mullard of the UK.

The Paris domotique conference attracted about 600 participants from the electronic and building industries, including more than 150 from other European countries.

The Americans have also been increasingly active. Four years ago the US launched a project called "Smart House", while the country's electronic industries association started devising a common standard for home networks.

"It was time Europe did something," said de Latour at the opening of the Paris conference last week. APMF is at present the only independent movement in Europe seeking to mobilise companies and public opinion, but de Latour hopes to see similar associations grow in other European countries.

The club's research programme will also systematically test the recent Japanese discovery that nuclear radiation can greatly enhance the superconducting properties of ceramics.

Six British companies - Air Products, BICC, Dowty, Ford of Britain, Johnson Matthey and Oxford Instruments - plan to become founding members of Harwell's high-temperature superconducting club.

The club envisages spending over £2m on a three-year programme of research and testing, aimed at making commercially useful materials and magnets. Most of the research will be done by the Harwell laboratories of the UK Atomic Energy Authority, which will manage the programme.

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The industrial partners in the IBS project started work on the European home network standard in 1986 and are planning the first demonstrations of their research at the end of this year.

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Automated screening of hundreds of novel ceramic materials for evidence of high-temperature superconductivity is to be undertaken by the UK's Atomic Research Centre at Harwell, as part of the work of a new British industrial research club.

The club's research programme will also systematically test the recent Japanese discovery that nuclear radiation can greatly enhance the superconducting properties of ceramics.

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Harwell explores super ceramics

By David Fishlock, Science Editor



David Lively (left), who runs Harwell's materials engineering centre, and Ron Bulough, head of the materials science division, have mixed what they call a cocktail of scientific disciplines

It was classed as a "high-temperature" superconductor - one which lost its resistance at liquid nitrogen temperature (90 degrees K) or higher.

The type of material investigated by IBM has serious technological shortcomings. But it affords hope that other novel formulations and crystal structures might overcome them.

Harwell's materials science division has an inventory of over 600 novel ceramics previously untested for superconductivity. They were developed for other applications such as gas sensors.

Harwell also has a long-standing research effort on engineering ceramics, aimed at minimising the mechanical disadvantages, for example by making them less fragile by fibre reinforcement.

toughen ceramics for use in engines. The superconductivity club will be off to a fast start because my commercial director authorised £70,000 of pre-project funding.

Bullough and David Lively, who runs Harwell's materials engineering centre, have mixed what they call a cocktail of scientific disciplines, recruiting a dozen scientists from different Harwell laboratories to work half-time on the programme.

They can also muster a remarkable armoury of ceramic fabrication technology, mostly needed for nuclear fuel. It includes robotic systems for shaping complex precision parts by plasma-spraying ceramic powders and laser electron beam and sputtering techniques for preparing thin and thick films of ceramics.

The idea, says Bulough, is to progress from initial emphasis on materials science and technology to component and applications development. The main thrusts of their programme will be to establish fabrication

routes - films, bulk, wire - appropriate to the interests of the industrial partners, and using the most promising superconducting ceramic so far.

Optimise chosen routes for components specified by the partners.

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The biggest single effort in this programme will be the screening of over 300 "electrical ceramics" already formulated at Harwell for superconductivity.

The plan is to make cylindrical samples which can be fed into an automatic instrument that will measure electrical conductivity between room temperature and that of liquid helium.

Samples will also be irradiated in a Harwell reactor, to expose the recent Japanese discovery that neutron bombardment can enhance superconducting characteristics.

The Clarendon Laboratory - Oxford's physics department - will prepare samples for the nanoprobe, as well as making unique superconductor testing facilities, in magnetic fields up to 23.5 Tesla, available to the club.

Ownership of intellectual property from this research is defined by an agreement between the UKAEA and club partners. Discoveries and inventions made at Harwell will be owned by the UKAEA but partners will be entitled to an "irrevocable royalty-free non-assignable licence". Discoveries arising from work in a partner's laboratory will be the property of that partner.

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NOTICE IS HEREBY GIVEN that, pursuant to the Bond Service Agreement dated as of February 15, 1975 made between United Mexican States and Chemical Bank New York Trust Company, as Authenticating Agent, Manufacturers Hanover Trust Company, as Registrar, The Chase Manhattan Bank, N.A., as Fiscal Agent, \$2,014,000 principal amount of the above described Bonds are hereby called for redemption on February 15, 1988 through the operation of the Sinking Fund at the principal amount thereof and accrued interest to the redemption date.

Coupon Bonds bearing the distinctive number in the following last two digits:

03 09 15 19 25 31 47 51 57 61 63 65 73 79 82 87 90 94 97 99

except Coupon Bonds in the denomination of \$1,000 whose serial numbers are M48647 or higher.

Fully Registered Bonds or portions thereof bearing the following numbers with the Prefix Letters as indicated:

Table with columns: Number, Amount, Number, Amount, Number, Amount, Number, Amount. Lists various bond numbers and amounts for redemption.

Interest on the Bonds or portions thereof to be so redeemed will cease to accrue on February 15, 1988.

All of the aforesaid Bonds or portions thereof to be so redeemed should be surrendered for payment to the office of the Fiscal Agent, The Chase Manhattan Bank, N.A., Corporate Bond Redemptions, P.O. Box 2020, 14th Floor, One New York Plaza, New York, New York 10015, or at the principal offices of the Fiscal Agent in London, England, Paris, France, Milan, Italy, Frankfurt, Germany, Zurich, Switzerland, and Beirut, Lebanon accompanied in the case of coupon bonds by the August 15, 1988 and subsequent coupons attached.

Upon surrender of a fully registered Bond a portion of which is to be redeemed a new Bond or Bonds in the aggregate principal amount of the unredeemed portion shall be issued in the name of the holder of such surrendered Bond.

Bondholders, both registered and coupon, when presenting Bonds to the New York Office of the Paying Agent, should furnish the Paying Agent with their tax identification numbers. This will avoid withholding of funds required by legislation.

United Mexican States By: MANUFACTURERS HANOVER TRUST COMPANY, Registrar

Dated: January 15, 1988

ARTS



James Caan, Anjelica Huston and James Earl Jones in "Gardens of Stone," and Shashi Kapoor in "Sammy and Rosie Get Laid"



Cinema/Nigel Andrews

It's the method that damns, not the matter

Sammy And Rosie Get Laid directed by Stephen Frears Gardens Of Stone directed by Francis Coppola A Chinese Ghost Story directed by Chin Siu Tung The Big Heat directed by Fritz Lang

Sammy And Rosie Get Laid enters our cinema the week after a well-known Sunday newspaper ran a fulsome diatribe against trends in modern British cinema. It was written by Professor Norman Stone of Oxford University. In it he voiced his strong distaste for films like The Last Of England, East The Rich and Sammy And Rosie, which tackle such sordid subjects as race riots, inner-city decay and sex.

der American audiences have been goggling at the movie in awe. Mr Khan and Miss Barber are, like Mr Kapoor, walking symbols. He is the Adaptable Immigrant, happy to milk Britain for a trendy-Bohemian life-style and to milk Dad for money. She is the Free Woman with the Glimmering smile. Like her husband, she sleeps around, she is also sphinx-like, self-assured and a social worker. Indeed she is the film's resident social conscience: the character most ready and eager to scold and confront Mr Kapoor about his Past.

film's fight-on radicalism is going to pack in every cause it can think of: from stunted eviction to free love to Far-East fascism. (We never discover what precise horrors Kapoor perpetrated in Pakistan as a Minister. But from the movie's viewpoint why should we? Kapoor is just there to be Our Man in today's Third World split empire.) Part socialist soap-box, part Swinging 60s hangover - the much-vaunted triple sex-coming on a split screen is like Blow Up with hi-tech - the film's saddest failure is that it never comes to grips with Thatcherism at all. To knock down a target, you first have to ensure that it is set up. But Kureishi and Frears seem to have no idea what the appeal of Thatcherism to millions of Brits is. Their target is an all-purpose, all-time bogeyman Toryism, symbolised by the late scenes of squatters being shunted from a wasteland under the Westway due for development. Like good 60s campaigners, Frears and Kureishi would love that squatters site to stay. It is romantically squally, it burns with the fires of revolution and it emphasises the poignant realism of the dispossessed. If the site stayed, it would keep us all in the dear old 1960s, as the film would so dearly like that pre- yuppie era when we sang in our chains like the sea.

in Gardens Of Stone, set in a Washington DC military base in 1967. Francis Coppola's new film, adapted from a novel by Nicholas Proffitt, is the best movie about the Vietnam war since The Deer Hunter. And that includes Coppola's own previous, 100-piece symphony on the subject, Apocalypse Now. This film never leaves America, but the war flickers like reflected firelight in the eyes of Sergeant James Caan, an ex-war hero now assigned to "toy soldier" duties (his phrase) supervising military burials at Arlington National Cemetery. The war also flickers, with varying intensity in the eyes of his buddy, the big, hale and foul-mouthed Sgt James Earl Jones, in those of Caan's lover Anjelica Huston, peace activist and Washington Post reporter; in the young soldier's (D.B.Sweeney), who becomes Caan's protégé, a zealous patriot in the making and the son of a former Korea colleague. Sweeney wants to fight in Vietnam, because "a soldier in the right place at the right time can change the world." But for Caan the whole war is a tragic American blunder, and he vainly bids for transfer from toy soldier duties so he can train young recruits in the basics of survival. Gardens Of Stone is unlike either Platoon, which turned the Vietnam war into a good-guy-versus-bad-guy B-movie, or Full Metal Jacket, which turned

it into a laboratory experiment on responses in war conducted by Dr Stanley Kubrick. The strength of Coppola's movie is that it is about credible human beings. Caan is a war-wrinkled bullet-head whose eyes and words twist in palpable pain over his country's mistakes: mistakes whose grim human harvest he buries each day with full honours. Huston pours character, feeling and a weather-beaten wit into a role that could easily have been an empty vessel: the film's token civilian peacemaker. And throughout the movie the mess-room banter, an open market for blue jokes and exuberant cynicism ("D'you wanna get laid tonight or would you rather have some fun?") is uproariously believable under the emcee-ship of Jones. The vividness of the characters means that when the crunch comes - young Sweeney goes to Vietnam and yes, the funeral we flashbacked from in scene one proves to have been his - the film is overpoweringly moving. We weep with Caan (a whole complex of reasons: because he sees himself in the boy and his own death in the boy's death. And we weep because Caan, like most of us at one time or another, is a mud-diehead whose heart and mind, ideals and career, strain in irreconcilably opposite directions. Gardens Of Stone is the best Coppola film since the two Godfathers: and the first film about Vietnam to suggest that among its most poignant war-wounded were men and women who never went to the war at all.

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South Pacific/Prince of Wales

Michael Coveney

I would be hard pressed to place in order of merit or preference this great musical, Madame Butterfly or Pacific Overtures. All go to prove that the Americans abroad, colonialism and poisoned romance are strong subjects for light theatre. The trouble with South Pacific is that sapping the Japs towards the end of the last World War assumes a slightly less obvious appeal 40 years on. This lends the rather tortuously uninteresting last quarter of this musical a leaden prevalence. Long stretches of the book by Oscar Hammerstein and Joshua Logan came out better on the film, though not much else did. The first 90 minutes are as astonishing as the first 40 of Oklahoma! This spirited but tasteless round the edges revival by the Theatre Royal, Plymouth, does them full justice. The lynchpin here is the veteran baritone Emile Belcourt, who gives secure resonance and lustre to "Some Enchanted Evening." Elsewhere, you marvel at the nerve of starting a musical with a romantic pick-up, a colourful lowdown on the boom in street trade when the Americans hit town, and a chorus for leaping horny Gis ("There is Nothin' like a Dame").

story to reflect national guilt about foreign bases in war-time and, especially, miscegenation. Nurse Nellie Forbush - Florence Nightingale from Little Rock - recoils from the immigrant French planter when she discovers not that he has children, but that he had them by a Polynesian. Heroism behind the enemy lines ensures a happy conclusion. But bitterly parallel to this romance runs the mercenary mating by the witch-like exploitative fraud, Bloody Mary, of her daughter with a doomed and open-minded lieutenant (Andrew C Wadsworth acts and sings quite beautifully). It is the one serious innovation of Roger Redfern's production to encourage Bertice Reading's knowing, worldly Bloody Mary to turn in an acting performance easily the match of her superb renditions of "Bali Ha'i" and "Happy Talk." One of the things I most liked about the Leicester Haymarket revival of six years ago was Sheila Brand's comprehensive exit from the Mary Martin legacy of Nellie Forbush. I sat behind the legendary Miss Martin in the theatre last night, and she could not have looked more pleased to see Gemma Craven following dutifully, though a little podgily, in her footsteps. I think Miss Craven is wrong not to carve out a new route through this role. What she lacks at the moment is charm and real pizzazz as she washes that man right out of her hair. There is too much showbizzy dolliness about her performance, not enough fizz and spunk. Technically, she sings very well, although she hits a rock on "I'm in Love With a Wonderful Guy." But an actress of Miss Craven's proven ability should be able to make something more of her small town hang-ups. The Thanking Follies became a riot of stars, stripes and good vaudeville clowning from Johnny Wade as the reluctant transvestite, a convenient gender cross between ENBA and M.A.S.H. Mr Wade survives from that splendid Leicester revival. The designs by Terry Parsons are more kitschy than smart, providing an awful waterfall backdrop on cardboard rocks for "Younger than Springtime" and too many awkward trucks and one-dimensional palm trees elsewhere. The overall impression is of camping around with a classic rather than setting about it with a fresh paintbox. An opportunity has been missed. The London commercial theatre has had a rewarding reunion with West Side Story, My Fair Lady and, above all, Oklahoma! This production will do for now, but not for long.



Emile Belcourt and Gemma Craven

Australians/Purcell Room

Max Loppert. Of the freely lyrical music - unencumbered by European tradition (or at least undaunted by it), "music" in the use of non-European timbres and harmonies - that one particularly associates with modern Australian composition, there were here two pleasing samples. Ross Edwards's Hosanna IV, for the original and attractive combination of bass clarinet, marimba, and trombone, comes from a recent series of similarly named works. Its bright rhythmic energy, "minimal" (but not simple-minded) exchange of key melodic motifs, and general air of freshness and charm made one keen to hear the others. Smalley's Movement for Flute and Piano (which also ventures inside the instrument) is at once a carefully constructed set of themes and variations and a gently fragrant oriental evocation; the flutter-tonguing flute and wind-chime effect from the piano discover strong imaginative (and un-touristy) correspondences between West and East.

By contrast, Lumsdaine's set of humorously named Bagatelles (1986) for wind, string and piano satiric kept within a more obviously recognisable Western context. The eight pieces are unassuming inventions, mostly solo or two-part, in which tiny examinations of a single thought or style (some of the music is gently neo-Bachian) are placed side by side. The effect of the whole is lyrical, muscular, mastery. In Barry Conyngham's Voice-flags (1983), the exchanges between four instruments and a pre-recorded tape strike at the start an apocalyptic tone, and later a vein of grandiloquent romantic gesture; the boldness of the music is unembarrassed and sustained. Only Alison Baulie's rather teebly jockey Coppetts (not helped by creaky gestures in the direction of music-theatre) outstayed its welcome. A pity so attractive and enjoyable a concert should not have drawn a larger audience.

Company, Kid's Stuff/Donmar Warehouse

Martin Hoyle. The Donmar Warehouse, Covent Garden, is offering solo virtuosity twice nightly; or, more precisely, two one-man turns each evening. The pieces are unconnected and can, indeed should, be sampled separately, since 70 minutes of Samuel Beckett and 90 minutes of Gaelic whimsy filtered through Australian all in one sitting recall Mr Bennett's tacit verdict on his daughter's singing: "You have delighted us long enough." Quite long enough. Beckett's Company, in Katherine Worth's adaptations comes to WCZ with an Edinburgh Festival Fringe First to its credit. Hitherto available in the archetypal over-priced, large-printed slim volume, the novel gains little from translation to the stage. "You are on your back in the dark," are words that recur, a Leitmotiv in a characteristic monologue of recollection (in the second person) and wry comment (third person), dry humour and defl-

erate, undercutting bathos. The speaker unconsciously pinpoints the writing's own tenacious: "his looms hope it is at an end" and "another trait its repetitiousness with minor variations." Tim Pigott-Smith's devoted direction and Julian Curry's beautifully paced and modulated performance gain from stage lighting that dapples the prone figure "at the foot of an aspen" with a mottled glow like stained glass, or suddenly illuminates the actor's head with twin lateral beams of light. A black-draped high-backed chair (the throne from Endgame?) and a tramp-like mannequin make up the set. Heretics may wonder why it should be staged at all; ungrateful philistines may find it soothing to the point of the soporific. There is nothing soporific about Julie Forsyth. For an hour and a half she impersonates a narrow-haired small boy whose squat, square face resembles an animated currant bun. Kid's Stuff, which starts at 8.45, marks the British premiere of another dramatised novel. Raymond Cousse's French original has been translated by Katherine Sturak, but only just. It still sounds French when not sounding American. Its fractured infelicities ("with Marcel we are drinking lemonade very much"; "all of a sudden there is my mother who arrives") amount to a hilarious parody of atrocious translations. In Ms Forsyth's Antipodean tones (she has made a speciality of the role in Australia since 1984) the effect is faintly surreal; especially when the child moves from everyday observation to fantasy. From religious and secular puzzlement to insulting the butcher, his wife, apprentice and even shop rising to heaven on wings; from the first uncomprehending experience of bereavement to picturing his own funeral, the effect is of Poi de carotte as recanted by Fellini. The actress has a considerable technique, whether retelling the rapt wonder and gleeful confidentiality of childhood or providing the voices of policeman, priest, old woman or butcher. Some classroom comedy with harassed teacher and innocently iconoclastic children is Gallic froth at its most puerously unexportable. Cumulatively touching, however, Ms Forsyth, who plays Chekhov and Shakespeare under the Southern Cross, would be worth seeing in something better. Jean-Pierre Mignot directs. Honestly.

Julie Forsyth in "Kid's Stuff" image. The image shows a young boy (Julie Forsyth) in a dark setting, looking towards the camera.

RTS INTERNATIONAL TRACTOR-TRAILER SYSTEMS RO-RO FLATS CONTAINERS SERVING SHIPS, PORTS, INDUSTRY

SECTION II - COMPANIES AND MARKETS FINANCIAL TIMES

Friday January 22 1988

US COMPUTER COMPANIES CONTINUE TO POST STRONG RESULTS

Amdahl jumps sharply ahead

BY RODERICK ORAM IN NEW YORK AMDAHL, Data General and Prime have joined the ranks of US computer companies reporting sharply higher results...

A tax credit made the latest final profit \$12.4m, or 43 cents... Full-year operating net was \$142m, or \$2.74, compared with \$93.2m, or 81 cents...

Roche lifts Sterling Drug offer to \$4.65bn

BY JAMES BUCHAN IN NEW YORK F. HOFFMANN-La Roche, the large Swiss pharmaceuticals group which is pursuing Sterling Drug of the US...

BankAmerica declines after special charges

BY ANATOLE KALETSKY IN NEW YORK BANKAMERICA, the second largest US bank group, reported net profits of \$60m or 27 cents a share in the fourth quarter...

World exposure. On Third World loans, Bank America chose to follow the accounting policies of the major New York banks...

Strong demand takes Motorola higher

BY OUR NEW YORK STAFF BUOYED by brisk demand for semiconductors, communications equipment and other electronic products, Motorola has turned in sharply higher fourth-quarter and full-year profits...

Revenues rose 14 per cent in the quarter and the year to \$1.85bn and \$6.71bn respectively, from \$1.62bn and \$5.85bn in the third quarter...

orders for communications equipment were records while demand for other products was the highest of the year... Sales of Motorola's semiconductor segment rose 21 per cent to \$2.19bn during the fourth quarter...

Dart Group tries again to buy retail chain

BY OUR FINANCIAL STAFF DART GROUP, the US retailer controlled by the Hart family of Maryland, has launched its fourth attempt to buy a leading US retailer by offering to purchase Boston-based Stop & Shop Companies for \$30 a share in cash, or \$87m...

Top Pan Am executives ousted

BY OUR NEW YORK STAFF PAN AM, the troubled US international airline, yesterday ousted its chairman and deputy chairman in a boardroom shake-up which is likely to lead to a financial restructuring package within the next few weeks...

Mr Plaskett was yesterday given the titles of chairman, president and chief executive of both Pan Am Corporation and its main operating subsidiary, Pan American World Airways...

Towers to buy stake in Emery

BY OUR FINANCIAL STAFF TOWERS FINANCIAL, the US debt collection agency which recently suggested it might wish to bid for Pan Am, has turned its attention to Emery Air Freight and says it is leading a group to buy about 5 per cent of the parcel carrier...

Buoyant GE advances by 19%

BY OUR NEW YORK STAFF GENERAL ELECTRIC, the big US industrial and services group, yesterday reported a 19 per cent rise in fourth quarter net income to \$568m and expressed confidence in its business for the current year...

Alcoa expects recovery to continue

BY OUR NEW YORK STAFF ALUMINUM COMPANY OF AMERICA, the world's largest producer of aluminium, yesterday reported a dramatic improvement in sales and earnings for the 1987 fourth quarter and predicted a continued recovery this year...

Nedlloyd defends Fl 175m share plan

BY KENNETH BROWN IN LONDON AND LAURA HAUN IN AMSTERDAM NEDLLOYD, the diversified Dutch shipping group, yesterday issued a lengthy defence of its plans for a \$1.17bn (\$94m) issue of preference shares...

The statement said the preference shares, which will be placed by four Dutch institutions, would carry a total of only 120 votes, producing 'immaterial' dilution of existing shareholders' rights...

Caterpillar rebound aided by dollar fall

BY OUR NEW YORK STAFF CATERPILLAR, the leading US manufacturer of earth-moving equipment which has been widely identified as one of the biggest beneficiaries of the devaluation of the dollar, reported surging profits but only moderate growth in physical sales volumes...

AMR suffers small fourth-quarter loss

BY OUR NEW YORK STAFF AMR, parent American Airlines, dipped into a small loss in the fourth quarter because of a threatened strike, bad weather and an unrequited foreign exchange loss on yen-denominated debt...

Goold takes \$115m charge in quarter

BY OUR FINANCIAL STAFF GOULD, the Illinois-based electronics group, is to take a fourth-quarter charge of \$115m on discontinued operations and has agreed to sell its Ocean Systems torpedo unit to Westinghouse Electric for \$100m...

Union Pacific edges ahead to \$139m

BY OUR NEW YORK STAFF UNION PACIFIC, the large US railroad, energy and transport group, yesterday reported a 14 per cent rise in net income to \$139.9m or 1.23 a share in the fourth quarter, on a small decline in revenue to \$1.63bn...

Alexander & Alexander Services Inc.

has sold its wholly-owned subsidiary

Sphere Drake Insurance Group Public Limited Company

to

Sphere Drake Acquisitions (U.K.) Limited

a company formed by Centre Capital Investors L.P. The Dai-Tokyo Fire & Marine Insurance Co., Ltd. Electra Investment Trust P.L.C. John Head & Partners LP Sphere Drake Management Partners

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INTERNATIONAL CAPITAL MARKETS AND COMPANIES

Clare Pearson looks at a financial centre which grew 44 per cent last year
Luxembourg steps out of the shadows

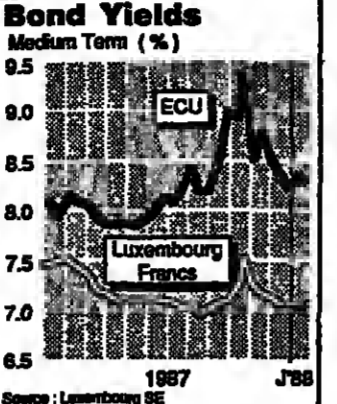
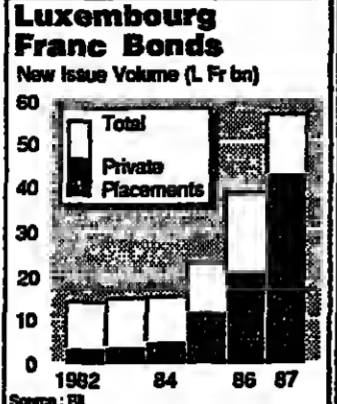
THE DOLLAR may have plummeted and world stock markets crashed, but the Luxembourg franc capital market has gone from strength to strength over the past year. Indeed, sustained by its loyal local investor base, this robust little domestic market actually grew 44 per cent in size in 1987. This year, it appears likely to be taken more seriously as a source of funds by an increasing number of prestigious international borrowers.

strong arguments for increasing their holdings of domestic bonds as the Belgian economy has improved, strengthening the two currencies, which are linked one-to-one, after years of weakness. Interest rates have come down, but still provide a nice yield pick-up over D-Mark and guilder rates. Interest coupons in Luxembourg - unlike Bel-

embourg banks never overdo their new issue volume - in sharp contrast to syndication practices in the Eurobond market. Borrowers in Luxembourg queue up for months, or even years, to issue bonds. Order is maintained by a combination of a limited number of regulations and enlightened self-interest among the handful of Luxembourg banks which

age private placements, but 90 per cent of these deals are still syndicated by the half-dozen main Luxembourg banks. Bankers were slightly shaken last November, however, when ASLK/GER, a prominent Belgian savings institution, chose Den norske Creditbank to lead its private placement. The Luxembourg Monetary Institute allows only one public bond a month, and private placements have to be slipped in between the subscription periods for these deals. The market is currently entering upon a private placement phase following the early closure of the subscription for the most recent public bond for the European investment Bank.

private placements to be lifted, though Luxembourg bankers say this is unlikely. An exuberant syndicate manager yesterday, three new Eurodollar bonds, all eagerly gobbled up by investors said a strongly rallying US Treasury bond market, and takeover in excess of \$100m on one primary market deal alone. The contrast with the Eurobond market's lecherous mood during the second half of last year, and especially after the stock market crash, could hardly have been more pointed. A resurgence of confidence in the dollar in the wake of encouraging US trade figures, announced a week ago, means syndicate managers are back in business.



Rally in US Treasuries sparks new issue sector

BY CLARE PEARSON AND ALEXANDER NICOLL

"IT'S JUST like the old days," said an exuberant syndicate manager yesterday, three new Eurodollar bonds, all eagerly gobbled up by investors said a strongly rallying US Treasury bond market, and takeover in excess of \$100m on one primary market deal alone.

however, that a large proportion of the longer bonds were pre-placed and were not expected to trade as actively as the 10-year maturity. Managers said the Euroyen market, despite slight eases in Tokyo yesterday, is not weak at present but could not be said to be meeting strong demand, given that investors' attention is apparently directed presently at dollars.

INTERNATIONAL BONDS

Confidence is not yet strong enough for most investors to extend maturities very far, so shorter-dated bonds are meeting the most solid demand. Yet in longer-dated deals, mainly from trading-orientated buyers, is enough to sustain seven-year bonds for good names, so long as their yield spreads over US Treasury bonds look attractive. Lead-managers of two of yesterday's bonds, for Japan Finance Corporation and Export Development Corporation of Canada, enjoyed a stroke of luck in issuing the bonds early in the morning. This was ahead of the rally in US Treasuries, after central banks had supported the dollar, so their prices were looking extremely cheap by mid-afternoon.

Also meeting a strong reception was a DM200m issue from Export Credit Bank of Turkey. Launched by Dresdner Bank with a six-year maturity, par pricing and a 6% per cent coupon, it was bid only one point below issue price compared with fees of 2% per cent. It was said to be attractive to German retail investors. The D-Mark Eurobond market saw a new batch of issues, led by Nippon Telegraph and Telephone, fresh from its warm reception in the dollar market. Its DM300m issue, led by Deutsche Bank, has a 10-year maturity, 6% per cent coupon and 1% pricing, and traded within its 2% per cent fee at 1.80 below issue price. Despite slight misgivings about the long maturity, dealers said that investors' attention is apparently directed presently at dollars.

Hungarian International Bank

AN ARTICLE published yesterday about the forfeiting market inaccurately stated that the Hungarian International Bank had recently decided to withdraw or wind down its forfeiting operations. We apologise for this inaccurate statement. Hungarian International Bank states that it intends to maintain its position as one of the leaders in the forfeiting market by expanding its operations. Mr T. Newling, managing director, said: "The bank is devoting considerable capital and personnel resources to this business under the leadership of Mr Denis Keenleyside, assistant director." In the three months ended December 31 1987 business volume increased 16 per cent on the first quarter last year, he said.

Anglo American mines stage recovery

FOUR of the five gold mining companies managed by Anglo American recovered quickly during last year's December quarter from the three-week strike by black miners in August. Recovery at Western Deep Levels has been slow as deep underground workings suffered damage when the strike halted production. The directors expect pre-strike production levels to be resumed during the present quarter and, according to company officials, it is hoped that a non-strike agreement can be reached with the National Union of Mineworkers (NUM) in exchange for premium wages at the mines. The mines' mills were kept in operation during the strike by milling surface ore and it had been feared that depletion of

Table with 4 columns: Company Name, Gold produced (kg), After-tax profit (Rm), Earnings (cents per share). Rows include Elandsrand, Ergo, Freegold, SA Land, Vaal Reefs, W.Deep Levels.

September quarter's 2.06m tonnes and 6.74 g/t. Elandsrand returned production to pre-strike levels as too did South African Land (Sallies). Ergo, which reprocesses old residue dumps on the East Rand, was relatively unaffected by the August strike. None the less, its grade and gold production during the December quarter and has continued to acquire rights to additional residue dumps in the area. Rand-dominated gold prices received by the mines were little different from those of the September quarter. However, recovery in low-grade areas, allowed Elandsrand, Vaal Reefs and Sallies to reduce unit working costs per tonne. Freegold's unit costs rose comparatively sharply, to R96.70 per tonne.

FT INTERNATIONAL BOND SERVICE

Large table listing various international bonds with columns for Bond Name, Issue Size, Coupon, Maturity, and other financial details.

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Rustenburg dividend boosts JCI

JOHANNESBURG Consolidated Investment Company (JCI), the South African mining group, lifted its interim pre-tax profit by 32 per cent in the six months to December 31 1987, largely due to a non-recurring dividend from Rustenburg Platinum. The interim pre-tax profit rose to R160.8m (\$81.2m) from R121.5m in the corresponding period of 1986. Pre-tax profit for the full financial year to June 1987 was R332.8m. First-half normal investment income increased to R31.2m, from R27.2m, despite a lower dividend payment by Randfontein, the larger of the two gold mines managed by the group. Rustenburg raised its normal dividend and higher income was derived from diamond and industrial interests. The directors are particularly concerned about current conditions in the export coal markets which have affected revenues of the Tavistock Collieries subsidiary. The non-recurring dividend from Rustenburg formed part of the flotation of Lebowa Platinum at the Johannesburg Stock Exchange. First-half earnings rose to R18.62 a share from R12.35 and the interim dividend has been lifted to R6 from R5. Earnings totalled R36.41 in the last financial year and a total dividend of R16 was declared. JCI is controlled by Anglo American, South Africa's largest mining and industrial group.

Dutch broker stops trading

VAN LOOSBROEK, a medium-sized Dutch brokerage firm, has stopped trading because of a management dispute and as a result of October's global stock market crash. Rubber Cultuur Mij, Amsterdam (RCMA), a commodities trading group, has halted its financing of Van Loosbroek, which is a partnership of RCMA and M.P. Van Loosbroek. Financing will continue when a new partner has been found. RCMA indicated in a terse, written statement yesterday that it refused to elaborate. Mr Van Loosbroek, however, insisted yesterday that he would remain with the three-year-old firm because of his role as founder, partner and director. Van Loosbroek employs six people and is located in Amsterdam.

APPOINTMENTS

Board posts at British & Commonwealth

Miss Maria Callaghan has been appointed group operations director of BRITISH & COMMONWEALTH HOLDINGS. Her responsibilities include compliance and coordination of all group administration. She is also group company secretary. Also joining the board as an executive director is Mr Cameron Brown, chief executive of Abaco Investments, which is being acquired by B&C.

Mr Paul Tatham, previously chairman of BECHAM PHARMACEUTICALS UK division, and currently president of the US business, becomes managing director of Becham Pharmaceuticals from April 1. He will assume responsibility for its worldwide commercial operations and will also control two new central marketing and licensing departments. Mr Ray Giles has been appointed licensing director; he has been in Japan since 1978. As head of the new department he will be responsible for developing the potential for licensing and joint marketing new products, and seeking licences from other companies. Dr John Melton will be the new director of development projects. He joined the research division in 1967, and will be responsible for setting up and operating the new systems for producing new compounds to the market, and for licence submissions to health authorities.

Mr Mervyn Blakemore has been appointed non-executive director of GEORGE OLIVER (FOOTWEAR). He is managing director of Schweppes International, and a main board director of Cadbury Schweppes.

BOULTON & PAUL has appointed Mr David Chisney as managing director. Mr Bill Fox has been appointed financial director.

Mr Ben Tomlin has been appointed managing director of DUNKELMAN & SON.

Mr Neil Forster and Mr Wynne Deans have resigned from the board of BRITISH & COMMONWEALTH HOLDINGS and become consultants to the group.

PRIVATBANKEN has appointed as associate directors Mr John Melton who joins as head of the corporate finance department, and Mr James C. Roe, who is head of the customer treasury group. Mr Melton joins from Ernst & Whinney.

Mr Anthony Haas has been appointed an associate director of SAMUEL MONTAGU & CO. Based in New York he will be senior adviser to Samuel Montagu Inc., with primary responsibility for international mergers and acquisitions. He will also be vice president external development at General Foods. Samuel Montagu is part of Midland Montagu, investment banking and securities arm of Midland Bank group.

Mr Les Maxwell, finance director of Jewson, builders' merchant subsidiary of MEYER INTERNATIONAL, has been appointed to the newly created post of marketing director. Mr Maxwell's Jewson development director, is now responsible for branch site development, in addition to acquisitions.

Former St Martins Property Corporation chief executive, Mr John Stringer, has been appointed a non-executive director by CHARLESCOTE ESTATES.

Mr Robin Swanson is to join CLAY & PARTNERS, consulting actuaries, on February 1 as a partner to head the insurance consultancy division. He was head of group actuarial services at Legal & General.

Lord Northbourne has been appointed deputy chairman of CENTER PARCS UK arm of Center Parcs NV, Netherlands.

EMI MUSIC WORLDWIDE has formed a new executive board. Mr Blakemore, chairman, and chief executive, Mr Peter Andy, president, international classical division, Mr Richard



Miss Maria Callaghan, group operations director, British & Commonwealth Holdings. Barkett, managing director, manufacturing & operations, Europe & International, Mr Allen Harford, chairman's office, human resources, Mr Colin Hodgson, chairman's office, finance, Mr Rupert Perry, managing director, EMI Records UK & Eire, Mr Irwin Robinson, president, EMI Music Publishing worldwide, Mr Alan Smith, managing director, EMI Music, continental Europe - Joe Smith, president, Capitol Industries-EMI Inc, Mr David Stockley, managing director, EMI Music International, and Mr Don Zimmerman, president, international marketing, EMI Music.

BROMSGROVE INDUSTRIES has appointed Mr John Edwards as director of marketing. He was deputy managing director of Edgar Vaughan. Mr Stephen Hayes becomes company secretary. He was financial controller at Caparo Industries.

THE WOOLLY MILL CO., Langholm, has appointed Mr John A. Packer, who has acquired control of the company, as chairman. Mr E. Ross Smith, of Scabal, also joins the board.

Powell Duffryn makes changes

Mr W.G. Andrews, group chief executive of POWELL DUFFRYN, has been appointed chairman, in succession to Mr J. Lewis, who will concentrate wholly on the group's fuel distribution activities in the UK and France.

Mr Stephen Edwards has been appointed managing director of the travel, transport and leisure division of ALGAMA. He has also been appointed a director of Euramedia. He was with British Airways.

Ms Shirley Hanley, Mr Robert Blood, and Mr Nick Band have been appointed to the board of the QUENTIN BELL ORGANISATION as associate directors, in charge of client services, strategic planning and internal relations respectively.

Mr Philip Worthington has joined T.G. ARTHUR HARGRAVE, actuaries, as an associate partner in the Birmingham office.

GUY SALMON CAR RENTALS has appointed Mr David Barnea as financial director, and Mrs Jane Baud as personnel and administration director.

ALLIED IRISH BANK GROUP has appointed Mr John P. Rockett as head of investments - Britain. He will have overall responsibility for Group Managers (non-trust arm) and for Grand Investment Managers (discretionary portfolio management). He was banking manager in the bank's Brussels office.

Transvaal

WESTERN DEEP LEVELS

Table with 4 columns: Quarter ended, Quarter ended, Year ended, and Year ended. Rows include Operating Reserves, Production, and Financial Results.

ERGO

Table with 4 columns: Quarter ended, Quarter ended, Year ended, and Year ended. Rows include Operating Reserves, Production, and Financial Results.

VAAL REEFS

Table with 4 columns: Quarter ended, Quarter ended, Year ended, and Year ended. Rows include Operating Reserves, Production, and Financial Results.

S.A. LAND

Table with 4 columns: Quarter ended, Quarter ended, Year ended, and Year ended. Rows include Operating Reserves, Production, and Financial Results.

SOUTHVAAL HOLDINGS LIMITED

Table with 4 columns: Quarter ended, Quarter ended, Year ended, and Year ended. Rows include Operating Reserves, Production, and Financial Results.

Gold mining companies administered by Anglo American Corporation

All companies are incorporated in the Republic of South Africa

Reports of the directors for the quarter ended December 31 1987

S.A. LAND-continued

Table with 4 columns: Quarter ended, Quarter ended, Year ended, and Year ended. Rows include Operating Reserves, Production, and Financial Results.

ELANDSRAND

Table with 4 columns: Quarter ended, Quarter ended, Year ended, and Year ended. Rows include Operating Reserves, Production, and Financial Results.

VAAL REEFS-continued

Table with 4 columns: Quarter ended, Quarter ended, Year ended, and Year ended. Rows include Operating Reserves, Production, and Financial Results.

VAAL REEFS

Table with 4 columns: Quarter ended, Quarter ended, Year ended, and Year ended. Rows include Operating Reserves, Production, and Financial Results.

VAAL REEFS-continued

Table with 4 columns: Quarter ended, Quarter ended, Year ended, and Year ended. Rows include Operating Reserves, Production, and Financial Results.

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

Table with 4 columns: Quarter ended, Quarter ended, Year ended, and Year ended. Rows include Operating Reserves, Production, and Financial Results.

NOTES

1. ORE RESERVES: At September 30 1987 ore reserves were estimated at a pay limit based on a gold price of R29 000 (September 30 1986: R28 000) a kilogram. Also shown at that date are ore reserve tonnage estimated at pay limits based on gold prices of R25 000 and R22 000 a kilogram to indicate the sensitivity of the ore reserves to the gold price variations.

2. DIVIDENDS

Attention is directed to an announcement published in conjunction herewith, relating to the declaration on Thursday January 21 1988, of final dividends for the year ended December 31 1987.

3. DEVELOPMENT

Development values represent actual results of sampling, no allowances having been made for adjustments necessary in estimating ore recoveries.

LONDON OFFICES: 40 HOLBORN VIADUCT, EC1P 1AJ

GRANVILLE SPONSORED SECURITIES table with columns: High, Low, Company, Price, Change, % P/E, % FIVE.

S.A. LAND

Table with 4 columns: Quarter ended, Quarter ended, Year ended, and Year ended. Rows include Operating Reserves, Production, and Financial Results.

SOUTHVAAL HOLDINGS LIMITED

Table with 4 columns: Quarter ended, Quarter ended, Year ended, and Year ended. Rows include Operating Reserves, Production, and Financial Results.

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

Table with 4 columns: Quarter ended, Quarter ended, Year ended, and Year ended. Rows include Operating Reserves, Production, and Financial Results.

UK COMPANY NEWS

Birmid profits rise 73% to £23m

BY MICHAEL SMITH

Birmid Quilcast, the consumer products group fighting a hostile bid by cement company Blue Circle, launched an attack yesterday on the "Big Brother approach" of its predator and unveiled a profits forecast for next year at the top end of City expectations. It also announced pre-tax profits for the year to last October of £22.62m, a 73 per cent increase on the previous year but in line with analysts' forecasts. It predicted next year's result would be at least £25m.

Mr Tommy Macpherson, chairman, said: "The idea put forward by a hostile predator that Birmid needs some Big Brother to finance our rapid and successful growth is preposterous nonsense." With gearing at only 16 per cent, the balance sheet was strong and Birmid was in a healthy position to expand.



Tommy Macpherson: Birmid chairman

The company forecasts at least 10p for 1988. Mr Poole said the underlying 1987 earnings per share growth was more like 20 per cent than the 51 per cent reported when the pension holiday and the elimination of losses from disposed companies were taken into account.

With the profits forecast now out of the way, the bid, which has so far been conducted in a rather low key manner, begins in earnest. The next issue on the agenda is how much Blue Circle will raise its bid by with the shares at 332p last night the cement company needs to increase substantially its 300p a share offer if it is to be sure of victory. Birmid is unlikely ever to repeat the pre-tax profits growth of last year. Although there is plenty to go for in the gas cookers company and in foundries, the boiler business cannot maintain its heady expansion for long. Nonetheless Birmid has sentiment on its side. It is admired for transforming itself from a foundries dominated group in the mid 1970s to the broadly based consumer products company it is now. There is also considerable sympathy with its argument that it should not be allowed to lose its independence just because a quirk in market conditions makes investors and institutions hungry for cash. Blue Circle, which owns Birmid's business, its new management is determined not to lose its first contested bid. The company also has considerable cash resources, as its gearing is only about 17 per cent. In the end that could prove irresistible.

BAT taken aback by Farmers rejection

By Nick Barker

BAT Industries, the multinational with extensive interests in tobacco, said that it was disappointed and surprised by California-based Farmers Group's rejection late on Wednesday of BAT's \$4.2bn (£1.4bn) proposal to buy the US company. BAT president Mr Henry Frigon, said he was urging Farmers' Group, a property/casualty insurer, to reconsider. BATUS was ready to "discuss all the terms of the proposal," he added. In London, BAT's share price fell 18p to close at 419p after a bout of down-grading of stockbrokers' price forecasts following a BAT analysts' meeting on Wednesday. Barclays de Zoete Wedd securities house cut its 1987 pre-tax profits estimate from £1.435bn to £1.38bn. Some analysts expect further cuts. BAT's 1988 forecast also, in one case from £1.58bn to £1.57bn. Concern about the group's figures focused on the impact of last October's stock market crash on the investment portfolio of Eagle Star, its UK composite insurance subsidiary. Analysts now believe Eagle Star saw a \$40m drop in value in the last six months of 1987. Some also doubled to \$16m their estimates of losses from last October's European hurricane. Eagle Star's post-crash situation is complex because BAT brought in a new accounting policy when it took over the insurer in 1984. This means BAT brings forward profits of \$127m and profit and loss account a smoothed figure representing some of the unrealised capital appreciation earned on its non-life funds. BAT showed \$107m in unrealised gains in the first six months of 1987. Several analysts were yesterday working on published figures that Eagle Star has \$78m in reserve in the form of deferred investment being increased to 0.836 Irish pence (0.76p).

M & G over £23m but warns on current year

By Nikki Tait

M & G, Britain's largest unit trust group, yesterday easily surpassed City forecasts by announcing pre-tax profits of £23.2m in the year to end-September, compared with £16.5m in 1986/87. Most analysts had predicted around £20m, as the earnings per share level the figure goes up from 13.58p to 20.75p. The year-end, however, came shortly before Black Monday. In its statement, the company warns that if markets continue to trade around present levels, M & G is unlikely to match the 1986/87 profits performance. That said, directors yesterday were far from despondent according to chairman, Mr Andrew Caldecott, M & G made more in the first quarter of the current year than in the similar period 12 months ago, and although business volume is currently low, there have been some signs of a marginal pick-up recently. Broadly, the fund management group says that it is too early to guess where markets will head during 1988. M & G attacked sharply the additional costs which it expects to bear as a result of the new regulatory framework which comes into effect in April. "We expect this to be a year of consolidation: we will have the burden of the new regulations to deal with," commented Mr Caldecott, concluding tartly: "One doubts whether some of the systems are for the benefit of investors." As for one-off costs are concerned, M & G suggested that the figure might be around £500,000 although it also expects considerable additional administrative costs which are more difficult to estimate. The company stressed that it is still opposing certain details within the new framework. Starting 1988/87, M & G saw revenue from its unit trust activities rise by 57 per cent to £96.9m. Marketing and commission costs rose by 52 per cent to £11m. Administration costs rose by 39 per cent. Operating profit, therefore, was 56 per cent higher at £18.8m. On the life assurance side, total premium income was some 33 per cent higher at £177m. However, "the new business strain" meant that profits from this side of the company rose only marginally to £3.1m (£2.02m). Interest and investment income fell to £1.5m (£1.5m) after tax of £7.64m.

Short-term, M & G's performance is clearly heavily dependent on market levels - and if their expectations leaves them reluctant to predict, 1987/88 will obviously bring some additional SIB-related costs on the basis of a 10 per cent increase in the rate of higher management charges on the UK non-income trusts (adding perhaps £750,000 in the current year and something over £2m by 1988/89). The new SIB framework has a long-term detrimental effect in debatable; M & G can at least hope to produce a "right to quality" type of crude assumption, then, against the backdrop of the new SIB framework. The company forecasted an increase of £22.5m in the current year. With the shares at 277p, the prospective p/e would then be around 14. On longer-term grounds, the company's performance is justified - and there is always the additional bonus.

Dividends shown per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights issue. ‡Unquoted stock. §Third market. ¶High dividend.

Table with columns: Dividend, Date, Current payment, Total last year, Total this year. Includes entries for Beales (John), Birmid, Colverson, etc.

Colorvision beats forecast

By Andrew Hill

Colorvision, the television and video retailing group floated on the USM in June, has beaten its own forecast by 33 per cent with pro forma pre-tax profits for the year to September of £1.6m on turnover of £12.9m. This compares with pro forma pre-tax profits for 1986/87 of \$667,000 on turnover of \$6.5m. Mr Neville Michaelson, chairman, founded Colorvision 24 years ago, when he was only 19. He predicted yesterday that future technical developments like satellite and cable TV would sustain the company even through recession. The directors are recommending a final dividend of 1.56p (0.37p) on earnings per share up from 1.62p to 7.25p. The pro forma figures were adjusted to include the group's subsidiaries, which were associated companies until the flotation. Colorvision shares closed up 12p yesterday at 182p.

It is difficult to find companies with which to compare Colorvision. For entrepreneurial expertise in marketing a narrow range of products you would have to look at the likes of The Rack and Stock Shop, but televisioners are hardly impulse buys and Colorvision is not a trendy company, despite the success of its management enterprise scheme which gives local managers 20 per cent of the equity of each outlet. In the retailing sector Dixons is the obvious comparison, but Colorvision is as yet neither a national nor a general electrical retailer. Prospects for growth are good - three new outlets have been opened since the year-end and at least seven more are expected in the next few months, part of an already successful strategy of opening stores in prime locations. Colorvision is also building a fine reputation for good customer relations. Pre-tax profits should rise to around £2.5m or more for this year. This puts the group on a prospective p/e of around 15.

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Bennett & Fountain £13m Wiggalls bid

By Nikki Tait

Bennett & Fountain, the acquisitive electrical goods retailer and wholesaler, yesterday unveiled an agreed share exchange offer worth just under £13m for Wiggalls, the loss-making Sheffield-based electrical retail group. Wiggalls - which sold off its rental operations to Granada last May - recently reported an increased interim loss of £537,000 in the six months to end-October. B&F itself made £271m on sales of £31.3m in the year to end-June and said yesterday that it expected the current trading period to show "further satisfactory growth". The offer consists of 14 B&F shares for every 3 Wiggalls; seven B&F for every 2 Wiggalls convertible shares; and 2 B&F for every Wiggalls 4.2 per cent preference share. With B&F down 4p at 33p, the offer values each Wiggalls ordinary at 177p. Yesterday Wiggalls shares jumped 20p to 176p.

Dee renews attack on Barker

Dee Corporation, the grocery group currently fighting a £2bn cash and shares offer from the much-smaller Barker & Dobson, yesterday renewed its attack on the bidder's financing arrangements and queried both B&D's retailing skills and its prospective strategy. Dee claims that B&D's plan to sell its superstore and refocus the rest of Gateway means that Gateway would have neither the competitive advantages of scale nor the advantages of being a genuine niche operator.

On the question of the B&D's financing - where Dee has alleged potential breaches of a £1.6bn loan agreement with a seven-strong banking syndicate if the offer is successful - Dee defends its own estimate of the enlarged group's net worth. B&D, however, dismissed the latest questions as containing little new and maintains that its own approach to the net worth issue is correct.

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NFC National Freight Consortium p.l.c. £146,000,000 Multiple-Option Facility. Arranged by National Westminster Bank PLC. Underwritten by Barclays Bank PLC, National Westminster Bank Group, Lloyds Bank Plc, Commerzbank Aktiengesellschaft London Branch, Banco di Napoli, Citibank, N.A., Midland Bank plc, The Philadelphia National Bank, The Royal Bank of Scotland plc, TSB England & Wales plc, Westpac Banking Corporation, Credit Suisse, Additional Tender Panel Members, The Sanwa Bank, Limited, Westdeutsche Landesbank Girozentrale, Agent Bank International Westminster Bank PLC. January 1988

Associated Newspapers Holdings p.l.c. The 1987 Annual General Meeting of Associated Newspapers Holdings p.l.c. will be held on Tuesday, 16th February 1988 at 10.30am, in the Stock Room, Spinkers' Hall, Stourport, Shropshire. Group Profit and Loss Account. Includes financial statements for 1987 and 1986, and a directors' report.

COMMODITIES AND AGRICULTURE

Aid agency seeks improved funding

By John Madeley

AT ITS meeting in Rome next week the International Fund for Agricultural Development...

Nymex drops plan to link with IPE

By Steven Butler in London and Deborah Hargreaves in Chicago

THE New York Mercantile Exchange yesterday pulled out of a proposed joint venture...

LME lead supply squeeze looms

By Kenneth Gooding, Mining Correspondent

TRADERS FEAR that the London Metal Exchange might be very short of lead in mid-February...

Brussels and Bonn strive for compromise on farm policy

By Tim Dickson in Brussels

THE EUROPEAN Commission and the West German Government were yesterday working on options for a possible compromise package...

'Panic buying' blamed for wool surge

By Chris Stewart in Sydney

AUSTRALIA'S market indicator price for wool surged through the psychological barrier of 1,000 Australian cents a kg yesterday...

Fundamentals

Briggs, analyst with Shearson Lehman Brothers' London Metals Research Unit, pointed out...

Sugar deficit forecast at 4m tonnes

By David Blackwell

WORLD SUGAR production is set to fall 4m tonnes below demand for 1987/88, taking stocks down to the point where...

account the severe drought which is damaging the crop in north-east Brazil.

Sugar available for export will be further affected by an expected reduction in the Philippines crop...

New Zealand lambs go west in search for wider markets

By Bridget Bloom, recently in New Zealand

A MEDIUM-SIZED freighter tied up at Timaru wharf, in the South Island of New Zealand...

and the CT & H Company of Portland, Oregon. It involves the initial shipment of 10,000 lambs...

spare capacity in feedlots in Oregon. The live sheep trade has been a sensitive issue...

Committee, composed of farmers and industry representatives, which has limited annual exports to just under 1m animals...

return of NZ\$15 an animal, delivered to the freezing works (slaughterhouse).

But he said the longer term picture depended critically on economic growth in major markets.

WORLD COMMODITIES PRICES

LONDON MARKETS

COPPER PRICES recovered after suffering steep falls of up to £30 a tonne in pre-market trading...

SPOT MARKETS

Crude oil (per barrel FOB) Dubai \$15.43-5.54c +0.21 Brent Blend \$17.40-7.50c +0.75

COCOA 2/tonne

Mar 1152 1155 1154 1147 May 1173 1174 1174 1168

COFFEE 2/tonne

Jan 1192 1198 1198 1193 Mar 1228 1228 1228 1222

IRON ORE

1988 1987 1986 1985 1984 1983 1982 1981 1980

SOYABEAN 2/tonne

Mar 225.00 225.40 226.00 224.00 May 222.00 218.00 222.00 218.00

WHEAT 2/tonne

Mar 225.00 225.40 226.00 224.00 May 222.00 218.00 222.00 218.00

BARLEY 2/tonne

Mar 110.16 110.50 110.10 108.75 May 112.00 111.70 112.00 111.00

LONDON METAL EXCHANGE

Aluminium 99.7% purity (20 tonne) Cash 1890-2010 1890-2010

COPPER

Cash 1377-41 1425-30 1380/1389 1370-3

LEAD

Cash 399-5 399-5 391/379 378-1

ZINC

Cash 420-40 4410-30 4400/4355 4375-25

NICKEL

Cash 495-4 495-4 492 492-5-5

POTASSIUM

Feb 98.00 98.50 98.00 Mar 154.00 155.50 155.00 154.00

US MARKETS

PRECIOUS METALS firmed slightly in trade reports dominated by local activity...

CRUDE OIL

Mar 17.22 17.42 17.35 17.20 May 17.07 17.47 17.48 17.16

SOYABEAN

Mar 225.00 225.40 226.00 224.00 May 222.00 218.00 222.00 218.00

WHEAT

Mar 225.00 225.40 226.00 224.00 May 222.00 218.00 222.00 218.00

BARLEY

Mar 110.16 110.50 110.10 108.75 May 112.00 111.70 112.00 111.00

NEW YORK

GOLD 100 Troy oz \$/Troy oz Jan 478.5 478.5 0 0

CHICAGO

SOYABEAN 5,000 bu mtr; cents/BU bushel Mar 225.00 225.40 226.00 224.00

WHEAT

Mar 225.00 225.40 226.00 224.00 May 222.00 218.00 222.00 218.00

BARLEY

Mar 110.16 110.50 110.10 108.75 May 112.00 111.70 112.00 111.00

NEW YORK

GOLD 100 Troy oz \$/Troy oz Jan 478.5 478.5 0 0

CHICAGO

SOYABEAN 5,000 bu mtr; cents/BU bushel Mar 225.00 225.40 226.00 224.00

WHEAT

Mar 225.00 225.40 226.00 224.00 May 222.00 218.00 222.00 218.00

FRUIT AND VEGETABLES

Apples (per cwt) Mar 1.20 1.20 1.20 1.20 May 1.20 1.20 1.20 1.20

GRAINS

Wheat (US Dark Northern) Mar 225.00 225.40 226.00 224.00

MEATS

Beef (US Choice) Mar 1.20 1.20 1.20 1.20 May 1.20 1.20 1.20 1.20

INDEXES

REUTERS (Base: September 18 1981 = 100) Jan 30 1758.0 1758.0

DOWN JONES

Jan 30 2284.0 2284.0 2284.0 2284.0

POUR BILLS

Mar 225.00 225.40 226.00 224.00 May 222.00 218.00 222.00 218.00

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar lacks motivation

THERE IS one thing worse than a currency market led by speculation, that is a market drifting in the absence of speculation...

Against the yen it recovered from a low of 126.70 to finish at 127.15, although this was still down from Wednesday's close of 127.75...

is 1.8905 to 1.8744. December average 1.8354. Exchange rate index 148.9 against 144.3 six months ago...

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: Currency, Unit, % change against DM, % change against US dollar, % change against Yen.

STERLING INDEX

Table with columns: Jan 21, Jan 20, Jan 19, Jan 18, Jan 17, Jan 16, Jan 15, Jan 14, Jan 13, Jan 12, Jan 11, Jan 10, Jan 9, Jan 8, Jan 7, Jan 6, Jan 5, Jan 4, Jan 3, Jan 2, Jan 1.

CURRENCY RATES

Table with columns: Currency, Bid, Ask, Spread, % change.

CURRENCY MOVEMENTS

Table with columns: Currency, Bid, Ask, Spread, % change.

OTHER CURRENCIES

Table with columns: Currency, Bid, Ask, Spread, % change.

MONEY MARKETS

UK rates steady

YESTERDAY'S ANNOUNCEMENT of UK bank lending and money supply figures for December had little impact on the London money market...

EURO-CURRENCY INTEREST RATES

Table with columns: Currency, Term, Rate, % change.

EXCHANGE CROSS RATES

Table with columns: Currency, Rate, % change.

FINANCIAL FUTURES

Relaxed view of money figures

Reaction on Life was not particularly encouraging to the UK bank lending figures for December, but analysts in the City tended to take a more relaxed view of the figures...

according to official figures fell 1.1 p.c. in during the month. There was something of a cynical view in the City of the authorities assertion that round tripping in the bill market was not a significant factor...

Table with columns: Contract, Price, % change.

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overheating in the economy, but there appeared to be grounds to accept other explanations for the figures. There were various distortions, including take over activity, payment of corporation tax, and favourable interest rate levels in London...

Table with columns: Contract, Price, % change.

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FT FINANCIAL TIMES CONFERENCES The London Motor Conference - Manufacturing, Components and the Aftermarket London - 15 February, 1988

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Financial Times Business Information is pleased to announce that Mergers and Acquisitions - the monthly publication providing informed editorial and statistics on M & A activity - is now providing even greater depth of coverage.

Mergers and Acquisitions Mergers Acquisitions SAMPLE FREE WITH NO OBLIGATION THE NEW MERGERS AND ACQUISITIONS - THE AUTHORITATIVE GUIDE TO M & A ACTIVITY - PROVIDING YOU WITH ALL THE INFORMATION YOU NEED TO KEEP TRACK OF THE HUNTERS AND THE HUNTED.

EUROPEAN OPTIONS EXCHANGE

Table with columns for Series, Vol, Last, Val, Last, Val, Last, Stock. Includes sub-sections for SILVER C and various stock options like ADF, ADFC, ADFD, etc.

TOTAL VOLUME IN CONTRACTS: 28,426

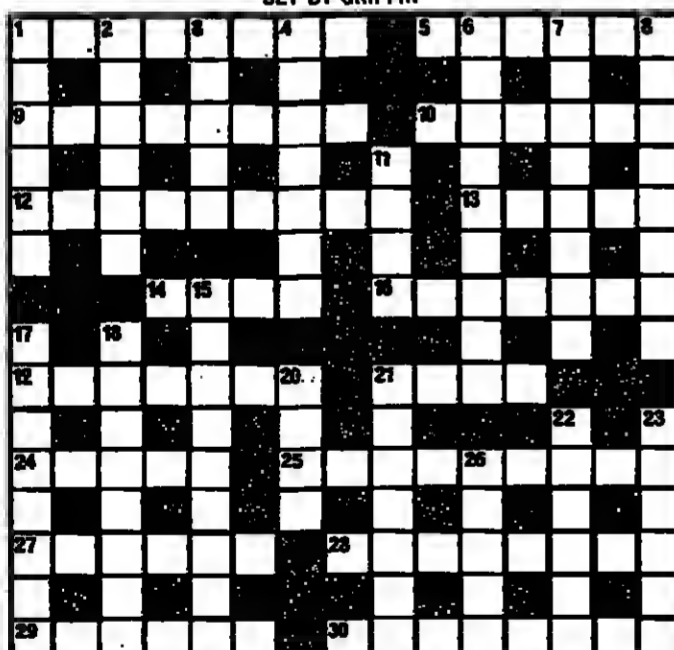
BASE LENDING RATES

Table of base lending rates for various banks and institutions, including ADF Bank, ADFC, ADFD, etc.

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FT CROSSWORD No.6,536 SET BY GRIFFIN



- ACROSS: 1 Lay opposite (8), 5 Thirteen to name scruffy engineer (8), 9 Look, sweetheart, a new lead for the dog? (8), etc.

AUTHORIZED UNIT TRUSTS

Large table listing various authorized unit trusts, including names like Abbey Unit Trust, ADF Unit Trust, etc., with columns for details.

FT UNIT TRUST INFORMATION SERVICE

Table listing various unit trusts such as Scottish Equitable Fund, Scottish Life Investment, and Scottish Widows Fund, including their names and brief descriptions.

Table listing unit trusts including Scottish Life Investment, Scottish Widows Fund, and Scottish Equitable Fund, with columns for name and details.

Table listing unit trusts such as Scottish Life Investment, Scottish Widows Fund, and Scottish Equitable Fund, providing names and descriptions.

Table listing unit trusts including Scottish Life Investment, Scottish Widows Fund, and Scottish Equitable Fund, with names and details.

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Table listing unit trusts including Scottish Life Investment, Scottish Widows Fund, and Scottish Equitable Fund, with names and details.

INSURANCES

Table listing insurance-related unit trusts such as Scottish Life Investment, Scottish Widows Fund, and Scottish Equitable Fund.

Table listing insurance-related unit trusts including Scottish Life Investment, Scottish Widows Fund, and Scottish Equitable Fund.

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Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Main table containing unit trust information, organized into columns for various fund categories and providers. Includes sections for 'MANAGEMENT SERVICES' and 'OFFSHORE AND OVERSEAS'.

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

Table of FT Unit Trust Information Service, listing various unit trusts with columns for Name, Investment Objective, and other details.

BRITISH FUNDS

Table of British Funds, listing fund names, share prices, and performance metrics.

BRITISH FUNDS - Contd

Continuation of British Funds table, listing additional fund names and details.

FOREIGN BONDS & RAILS

Table of Foreign Bonds & Rails, listing international investment options and their values.

INT. BANK AND O'SEAS GOVT STERLING ISSUES

Table of International Bank and Overseas Government Sterling Issues, listing specific securities.

CORPORATION LOANS

Table of Corporation Loans, listing corporate debt instruments.

COMMONWEALTH & AFRICAN LOANS

Table of Commonwealth & African Loans, listing international development financing.

LOANS

Table of Loans, listing various types of debt securities.

Public Board and Inst.

Table of Public Board and Institutions, listing related financial entities.

AMERICANS

Table of American Investments, listing US-based securities and funds.

Money Market Trust Funds

Table of Money Market Trust Funds, listing short-term investment vehicles.

Money Market Bank Accounts

Table of Money Market Bank Accounts, listing high-yield banking options.

Money Market

Table of Money Market, listing various financial instruments and services.

Notes and disclaimers regarding the data provided in the Money Market section.

LONDON SHARE SERVICE

AMERICANS - Contd

Table listing American companies such as American Express, American International, and American Overseas, with columns for stock price, bid, and ask.

CANADIANS

Table listing Canadian companies such as Canadian National, Canadian Pacific, and Canadian Tire, with columns for stock price, bid, and ask.

BANKS, HP & LEASING

Table listing banks and hire purchase/leasing companies such as Bank of Montreal, Bank of Toronto, and Finance Trust, with columns for stock price, bid, and ask.

BEERS, WINES & SPIRITS

Table listing beer, wine, and spirit companies such as Carlsberg, Heineken, and J & J, with columns for stock price, bid, and ask.

BUILDING, TIMBER, ROADS

Table listing building, timber, and road companies such as Balfour Beatty, Bovis Lend Lease, and Bovis Lend Lease, with columns for stock price, bid, and ask.

BUILDING, TIMBER, ROADS

Table listing building, timber, and road companies such as Bovis Lend Lease, Bovis Lend Lease, and Bovis Lend Lease, with columns for stock price, bid, and ask.

CHEMICALS, PLASTICS

Table listing chemical and plastic companies such as ICI, ICI, and ICI, with columns for stock price, bid, and ask.

DRAPERY AND STORES - Contd

Table listing drapery and store companies such as Debenhams, Debenhams, and Debenhams, with columns for stock price, bid, and ask.

ELECTRICALS

Table listing electrical companies such as British Telecom, British Telecom, and British Telecom, with columns for stock price, bid, and ask.

DRAPERY AND STORES

Table listing drapery and store companies such as Debenhams, Debenhams, and Debenhams, with columns for stock price, bid, and ask.

ENGINEERING - Contd

Table listing engineering companies such as BAE Systems, BAE Systems, and BAE Systems, with columns for stock price, bid, and ask.

FOOD, GROCERIES, ETC

Table listing food, grocery, and other companies such as Asda, Asda, and Asda, with columns for stock price, bid, and ask.

HOTELS AND CATERERS

Table listing hotel and catering companies such as Whitbread, Whitbread, and Whitbread, with columns for stock price, bid, and ask.

ENGINEERING

Table listing engineering companies such as BAE Systems, BAE Systems, and BAE Systems, with columns for stock price, bid, and ask.

INDUSTRIALS (Miscel.) - Contd

Table listing industrial companies such as British Petroleum, British Petroleum, and British Petroleum, with columns for stock price, bid, and ask.

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INDUSTRIALS (Miscel.)

Table listing industrial companies such as British Petroleum, British Petroleum, and British Petroleum, with columns for stock price, bid, and ask.

INSURANCES

Table listing insurance companies such as Prudential, Prudential, and Prudential, with columns for stock price, bid, and ask.

LONDON SHARE SERVICE

INSURANCES - Contd

Table listing insurance companies and their share prices, including Royal Indemnity, Commercial Union Assurance, and others.

PAPER, PRINTING, ADVERTISING - Contd

Table listing companies in the paper, printing, and advertising sectors, such as Newsprint, Printers, and Advertising agencies.

TEXTILES - Contd

Table listing textile companies and their share prices, including various spinning and weaving firms.

TRUSTS, FINANCE, LAND - Contd

Table listing trusts, financial institutions, and land-related companies, such as investment trusts and banks.

OIL AND GAS - Contd

Table listing oil and gas companies and their share prices, including exploration and production firms.

MINES - Contd

Table listing mining companies and their share prices, covering various mineral extraction firms.

LEISURE

Table listing leisure and entertainment companies, such as hotels, resorts, and media firms.

PROPERTY

Table listing real estate and property companies, including developers and landlords.

TOBACCO

Table listing tobacco companies and their share prices.

TRUSTS, FINANCE, LAND

Table listing trusts, financial institutions, and land-related companies.

OVERSEAS TRADERS

Table listing companies that trade internationally, including importers and exporters.

PLANTATIONS

Table listing plantation companies and their share prices.

MOTORS, AIRCRAFT TRADES

Table listing companies in the motor and aircraft industries.

NEWSPAPERS, PUBLISHERS

Table listing newspaper and publishing companies.

SHIPPING

Table listing shipping and maritime companies.

OIL AND GAS

Table listing oil and gas companies.

MINES

Table listing mining companies.

REGIONAL & IRISH STOCKS

Table listing regional and Irish stocks, including companies from various parts of the UK and Ireland.

PAPER, PRINTING, ADVERTISING

Table listing paper, printing, and advertising companies.

SHOES AND LEATHER

Table listing shoe and leather goods companies.

SOUTH AFRICANS

Table listing companies from South Africa.

TEXTILES

Table listing textile companies.

TRADITIONAL OPTIONS

Table listing traditional options and derivatives.

NOTES

Notes section providing additional information, market commentary, and company announcements.

LONDON STOCK EXCHANGE

Gilt-edged advance despite rise in bank lending as equities rally from weak start

Account Dealing Dates
Option
First Declared Last Account
Dealing Date Dealing Day

of unrealised capital gains on non-life funds, e point which the analysts believe the board avoided last November, when third quarter results were announced.

Buyers returned to the gilt-edged market despite the softness of the pound and the uncertainty over the bank lending figures. The market opened strongly, with demand sufficient to take out both the tranche stocks announced earlier this week.

What was left of the £150m 9 1/2 per cent Conversion '85 was quickly bought out at 100 1/4, while the proportionally greater amount left of the £300m Treasury 8 per cent '92 was taken out heavily before the formal opening.

The advance was halted briefly by the disclosure of the bank lending figures - interest in money supply itself is somewhat muted these days - but prices resumed the upward track when New York bonds opened strongly.

By the end of the session, gains ranged to around 1/2 at the long end of the range, where the Treasury 9 1/2 per cent '90 up by 1/2 at 91 1/4 as fears of an imminent rise in base rates receded.

Once again, index-linked issues were dragged higher by the conventional market. At mid-session, gains ranged to a full point but prices topped off before the close when a gain of 1/2 showed against the 1 1/2 per cent '87 stock.

The short dates were also firmer, with the Treasury 8 1/2 per cent '90 up by 1/2 at 91 1/4 as fears of an imminent rise in base rates receded.

On a similar note, the FT-SE 100 index closed 5.6 down at 1747.2, effectively re-instating the FT-SE 1750 support level.

The easier trend in the dollar hurt the international stocks and was particularly unfortunate for BAT Industries which ran into criticism at a meeting of City analysts called after Farmers Group of the US had sprung Bat's \$5bn bid.

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FINANCIAL TIMES STOCK INDICES
Table with columns for Government Sec, Fixed Interest, Ordinary, Gold Mines, Div. Dividend, Earnings Yld, P/E Ratio, SEAD, Equity Turnover, Equity Values, Shares Traded, etc.

Opening 1399.1 10 a.m. 1403.3 11 a.m. 1402.3 12 p.m. 1398.4 1 p.m. 1402.4 2 p.m. 1406.0 3 p.m. 1406.2 4 p.m. 1402.5

Day's High 1409.4 Day's Low 1392.6

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-0898 123001

response to the independent valuation of British's assets. But there were rumours in the market that Atlantic Richfield is about to launch a 62p share counter to BP's 46p share cash bid.

Turnover in BP partly-paid shot up to 28m shares for the Kuwait Investment Office said to have picked up in excess of 10m shares after a report in the FT that the KIO stake in BP may be investigated by Sir Gordon Borrie, the director-general of fair trading, the new shares settled 2 off at 72p.

News of the independent asset valuation of Tricontinent currently the subject of a 145p share bid from French group Elf - boosted Tricontinent to 167p after a late downturn left the shares a net 3 1/2 up 166p.

Stake-building rumours in Ultramar continued to circulate in the market and Ultramar shares, sold off to 21 1/2p early on, rallied strongly to close a net 8 higher at 22 1/2p on a turnover of 2.7m shares.

BAT Industries ran into US selling which contributed to the fall in the shares, down 16 at 41 1/2p after 5.8m shares had changed hands. BZW, the securities house, has clipped the forecast of last year's profits from £1,435m to £1,380m, and stresses that its prediction for 1988 is not affected. Other analysts, however, could disagree with this view and may downgrade their estimates shortly.

Birmid, in its first decisive move against Blue Circle's (BCI) unwelcome 300p share cash offer, disclosed a rise in pre-tax profits from £18.08m to £22.6m for last year and forecast profits above £28m pre-tax and a dividend of at least 10p for 1988.

Turnover in BP partly-paid shot up to 28m shares for the Kuwait Investment Office said to have picked up in excess of 10m shares after a report in the FT that the KIO stake in BP may be investigated by Sir Gordon Borrie, the director-general of fair trading, the new shares settled 2 off at 72p.

in a volume of some 3.1m shares to close 1/2 lower at 51 1/4 as currency influences continued to undermine sentiment. In contrast, buying interest persisted in Coates Bros, which improved 10 further to 86 1/2p in a limited market.

Dixons attracted another substantial turnover - around 5.6m shares changed hands - and the share price advanced from an initially depressed 188p to close a net 6 higher at 196 1/2p.

English China Clays reacted 13 to 39 1/2p in the wake of a County NatWest sell recommendation. Geantener, which announced annual pre-tax profits of £22.7m compared with forecasts ranging from £1m to £24m, advanced to 189p before falling back to close a few pence better than the day's 188p.

Smith New Court, the independent securities house, weakened before and after the announcement concerning a loss of £1.25m incurred in traded options dealings. The shares closed 20 down at 168p.

Turnover in traded options contracted with 16,787 calls and 8,515 puts giving an aggregate of 25,302 contracts. Business in the FT-SE comprised 2,058 calls and 1,802 puts. The biggest turnover was in calls totalling 1,925 and puts 379 contracts. There were 1,205 calls and 578 puts in Bats, and 874 calls and 702 puts in GBC.

Traditional Options
First dealings Jan 18
Last declarations Jan 29
For settlement May 8
For exercise at the end of London Share Services
Interest in the Traditional option market fell away to an extremely low level. Goo, Wimpey, Dixons and Martin Ford were dealt in for the call. No put options were reported but a Double was arranged in Dixons.

Investors continued to shy away from Lucas Industries and with marketmakers reluctant still to increase their book levels the shares reacted 14 more to 57 1/2p. Abbey Panels, in contrast, were raised 20 to 42 1/2p in a narrow market, while Lookers further responded to the recent improved annual results, gaining 8 to 23 1/2p.

Clarke Hooper, the sales promotion company, attracted buying inquiries on analysts' recommendations inspired by the strong bounce in mid-term profits. The Wood Mackenzie team rate the shares a "buy" on the basis that the company's management continues to invest resources in the development of the business. At the close, the shares were 3 higher at 16p. Hopes that the improved second-half performance would continue into 1988, however, were dashed by a report that the company's 1987 turnover of £8.8m following a turnover of 16.8m in 1986.

"down-under" buying interest. Barclays eased 3 to 49 1/2p although there remained persistent speculation that the bank is about to launch a bid for America's Irving Bank. Standard Chartered, up 13 at 65 1/2p, continued to attract buyers after the Bank of England clearance and talk of the imminent sale of US subsidiary Union Bank Corp for up to \$800m.

Merchant banks were unsettled in mid-session by rumours of big losses incurred in the traded options market but later rallied to show only marginal falls on the day.

In insurance Royals were finally 3 off at 40 1/2p despite strong market talk of buying by Australian interests, while broking firm Willis Faber spurred 8 to 24 1/2p amid rumours that a sizeable shareholding is being accumulated via the inter-dealer broking screens; turnover in Willis topped 3m shares. Expansion hopes boosted Dewey Warren 9 to 29 1/2p.

ICL remained under selling pressure and fell away further to 18 1/2p.

Minor movements in the big four banks disguised another day of substantial activity in the market. Lloyds Bank, a busy market with turnover of almost 4m shares again largely made up of trades carried out via the inter-dealer broking systems - market stories continue to highlight rumours of

NEW HIGHS AND LOWS FOR 1987/88
NEW HIGHS: British Petroleum, Shell, ICI, etc.
NEW LOWS: ICI, etc.

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FT - ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns for EQUITY GROUPS & SUB-SECTIONS, Thursday January 21 1988, Index, Day's Change, etc.

FT-SE 100 SHARE INDEX 1747.2

FIXED INTEREST

Table with columns for PRICE INDICES, British Government, 1-5 years, etc.

LONDON TRADED OPTIONS

Table with columns for CALLS, PUTS, Option, etc.

TRADING VOLUME IN MAJOR STOCKS

Table with columns for Stock, Volume, etc.

RISES AND FALLS YESTERDAY

Table with columns for British Funds, Corporate, etc.

LONDON RECENT ISSUES

Table with columns for Issue, Price, etc.

RIGHTS OFFERS

Table with columns for Issue, Price, etc.

WORLD STOCK MARKETS

Table of world stock markets including sections for Australia, Canada, Germany, Hong Kong, Japan, Korea, Singapore, South Africa, Switzerland, Taiwan, Thailand, and the UK. Each section lists various stock indices and their values.

CANADA

Table of Canadian stock markets, including Toronto and Montreal. It lists closing prices for various stocks and indices, such as the S&P 500 and the Dow Jones Industrial Average.

Table of Japanese stock markets, listing various indices and stock prices for companies like Toyota, Honda, and Nissan.

OVER-THE-COUNTER

Table of over-the-counter market closing prices, listing various stocks and their prices.

Table of stock indices, including the Dow Jones Industrial Average and other major indices, along with their historical performance.

CHIEF LONDON PRICE CHANGES YESTERDAY

Table showing price changes for various commodities and currencies in London, such as gold, silver, and the British pound.

TOKYO - Most Active Stocks

Table listing the most active stocks in the Tokyo market, including their names and prices.

Small text at the bottom left of the page, likely a disclaimer or publication information.

Advertisement for Helsinki & Espoo, featuring the slogan 'Have your F.T. hand delivered...' and contact information for their London office.

NYSE COMPOSITE CLOSING PRICES

Table of NYSE Composite Closing Prices. Columns include Stock, High, Low, Last, and Change. Includes sub-sections for 'Continued from Page 38' and 'U S'.

AMEX COMPOSITE CLOSING PRICES

Table of AMEX Composite Closing Prices. Columns include Stock, High, Low, Last, and Change. Includes sub-sections for 'Continued from Page 38' and 'U S'.

OVER-THE-COUNTER Nasdaq national market, closing prices

Table of Over-the-Counter (Nasdaq) national market closing prices. Columns include Stock, High, Low, Last, and Change. Includes sub-sections for 'U S' and 'U S'.

Advertisement for MILANO (02) 6887041. Text includes 'Have your F.T. hand delivered.', 'at no extra charge, if you work in the business centre of MILANO', and 'And ask Intercontinental S.r.l. for details.'

AMERICA

Dow fluctuates but fails to recover lost ground

Wall Street

EQUITIES fluctuated yesterday but by the close the market was little changed and had failed to recover any of the ground lost in Wednesday's 57 point slump...

Bank of Japan will no longer limit itself to investing in short-term US government paper but will invest in long dated paper as well, using some of the proceeds of its foreign exchange market intervention...

when the market rallied strongly because of the rising dollar, equities have been drifting lower but there had been little institutional activity...

EUROPE

Institutional buying lends support

London

A late burst of optimism rescued London equities from an otherwise poor session overhauled by disappointing money supply and bank-lending figures...

Volvo added SKr11 to SKr288 and Saab-Scania followed with a SKr4 rise to SKr163 as the market upwardly revised results forecasts...

Portugal to limit price fluctuation

SHARES on Portugal's stock exchanges are to be limited to price fluctuations of no more than 15 per cent a day from February 15, Kester reports from Lisbon...

SOUTH AFRICA

SPORADIC late bargain hunting helped lift Johannesburg gold shares off early lows after a weak start on the higher financial road...

Equities had started higher yesterday, posting a gain of 1.25 points before sliding into negative territory...

DECLINES by major share groups, led by gold, dragged the market broadly lower...

ASIA

Nikkei falls again as despondency sets in

Tokyo

26.87m shares traded, fluctuated between Y512 and Y539, finishing Y3 higher at Y521...

Heavy industries lost Y18 to Y60 and Kawasaki Steel shed Y8 to Y23. However, Tokyo Electric Power and Tokyo Gas both benefited from the yen's appreciation...

Ono Pharmaceutical shot up Y200 to Y6,250 and Toyo Limestone scored a maximum allowable daily gain of Y108 to Y1,020...

DECLINES in metal prices and the sharp fall on Wall Street pulled leading shares and mining issues broadly lower in limited turnover...

TRACKING declines in New York, Tokyo and Hong Kong share prices in Singapore slipped lower, despite scattered bargain-hunting...

The weight of bad debts is depressing New Zealand shares, writes Dai Hayward

Wellington brokers feel squeeze

FOLLOWING the default of four New Zealand stockbrokers since Christmas, the Wellington Stock Exchange is moving to tighten its rules...

Confidence in the Wellington market has also been shaken recently by the revelations of hidden agreements, secret buy-sell options and interlocking share deals...



Working through several brokers in early October these brokers bought on credit several million Omnicorp shares at around NZ\$1.50 each...

FT - ACTUARIES WORLD INDICES

Table with columns for National and Regional Markets, Thursday January 21 1988, Wednesday January 20 1988, and Dollar Index. Rows include Australia, Austria, Belgium, Canada, Denmark, Finland, France, West Germany, Hong Kong, Ireland, Italy, Japan, Malaysia, Mexico, Netherlands, New Zealand, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, United Kingdom, USA, Europe, Pacific Basin, Euro-Pacific, North America, Europe Ex. UK, Pacific Ex. Japan, World Ex. US, World Ex. UK, World Ex. SA, World Ex. Japan, and The World Index.

Advertisement for First Debenture Finance PLC. Includes text: 'This advertisement appears as a matter of record only. Listing particulars prepared in accordance with the listing rules made under section 142 of the Financial Services Act 1986 have been registered with the Registrar of Companies in Cardiff.' 'Issue of £80,000,000. 11.125 per cent. Severally Guaranteed Debenture Stock 2018 at 99.057 per cent.' 'First Debenture Finance PLC was formed as a special purpose borrowing vehicle for The Brunner Investment Trust PLC, Kleinwort Charter Investment Trust PLC, Kleinwort Smaller Companies Investment Trust plc, The Merchants Trust PLC managed by Kleinwort Grieveson Investment Management Limited. Kleinwort Benson Limited acted as financial adviser to First Debenture Finance PLC. arranged the investment of £18.8 million of the proceeds of the issue with Leeds Permanent Building Society. arranged a matching interest rate swap for Leeds Permanent Building Society and in conjunction with Kleinwort Grieveson Securities Limited and Kleinwort Grieveson Charlesworth Limited completed the placing of the Stock.'